

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type [] City [] Township [] Village [x] Other		Local Government Name Eaton County		County Eaton	
Audit Date 9/30/04		Opinion Date 1/28/05		Date Accountant Report Submitted to State: 3/25/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

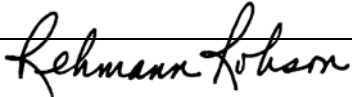
1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | | | | | |
|-------|-----|-------|----|----|--|
| [] | Yes | [x] | No | 1. | Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| [x] | Yes | [] | No | 2. | There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| [x] | Yes | [] | No | 3. | There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| [] | Yes | [x] | No | 4. | The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| [] | Yes | [x] | No | 5. | The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| [] | Yes | [x] | No | 6. | The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| [] | Yes | [x] | No | 7. | The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| [] | Yes | [x] | No | 8. | The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| [] | Yes | [x] | No | 9. | The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).	X		

Certified Public Accountant (Firm Name) REHMANN ROBSON GERALD J. DESLOOVER, CPA			
Street Address 5800 GRATIOT, PO BOX 2025		City SAGINAW	State MI
Accountant Signature 		Zip 48605	



EATON COUNTY, MICHIGAN

Comprehensive Annual Financial Report

**For the Fiscal Year Ended
September 30, 2004**



REHMANN ROBSON

Certified Public Accountants

EATON COUNTY, MICHIGAN
For the Fiscal Year Ended September 30, 2004

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For the Fiscal Year Ended September 30, 2004

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INTRODUCTORY SECTION

Eaton County Controller / Personnel

January 28, 2005

To The Members of the Board of Commissioners:

The Comprehensive Annual Financial Report (CAFR) of Eaton County, Michigan for the fiscal year ended September 30, 2004, is hereby submitted. Responsibility for both the accuracy of the presented information and the completeness and fairness of the presentation, including all disclosures, rests with the County. We believe the enclosed information is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the County. These financial statements have been prepared in accordance with generally accepted accounting principles for local governments as prescribed by the Governmental Accounting Standards Board (GASB). As required the County has implemented the provisions of GASB Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis, for the fiscal year ended September 30, 2004. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

Format

- The CAFR is presented in four sections: *Introductory, Financial, Statistical and Single Audit*. The Introductory section includes this transmittal, an organizational chart, and a list of principal officials. The Financial section includes the independent auditor's report, management's discussion and analysis, the basic financial statements, required supplementary information, and the combining and individual fund and account group financial statements and schedules. The Statistical section includes selected financial and demographic information, depicting the financial history of the County. The Single Audit section includes the auditor's reports on the schedules of federal financial assistance, compliance, and internal accounting and administrative controls.

Reporting Entity

The financial reporting entity includes all the funds and account groups of the County as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable.

Blended Component Units – although legally separate entities, they are, in substance, part of the primary governments operations and are included as part of the primary government. The following organizations are reported within the combining, individual fund, and account group financial statements:

- Eaton County Family Independence Agency
- Eaton County Medical Care Facility
- Eaton County Building Authority

Discretely Presented Component Units – are legally separate from the primary government and are reported in separate columns in the combined financial statements to differentiate their financial position and results of operations from those of the primary government. The following are reported as discretely presented component units:

- Eaton County Board of Public Works
- Eaton County Drainage Districts
- Eaton County Road Commission

Joint Ventures – are legal entities that result from a contractual arrangement, or interlocal agreement, which is owned, operated, or governed by two or more participants. The following is reported as a discretely presented component unit:

- Barry/Eaton District Health Department

The following **Related Organization** did not meet the financial accountability criteria and has been excluded from the County's general purpose financial statements:

- Eaton County Transportation Authority

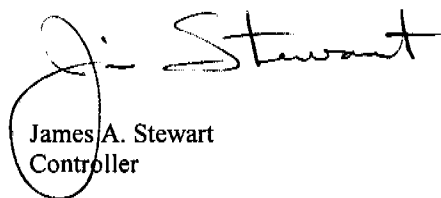
Financial Reporting and Auditing

The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and United States Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Information pertaining to this single audit, including the auditors' reports on the internal control structure and compliance with laws and regulations, the schedule of federal awards and a schedule of findings and questioned costs, is included in the single audit section of this report.

Independent Audit

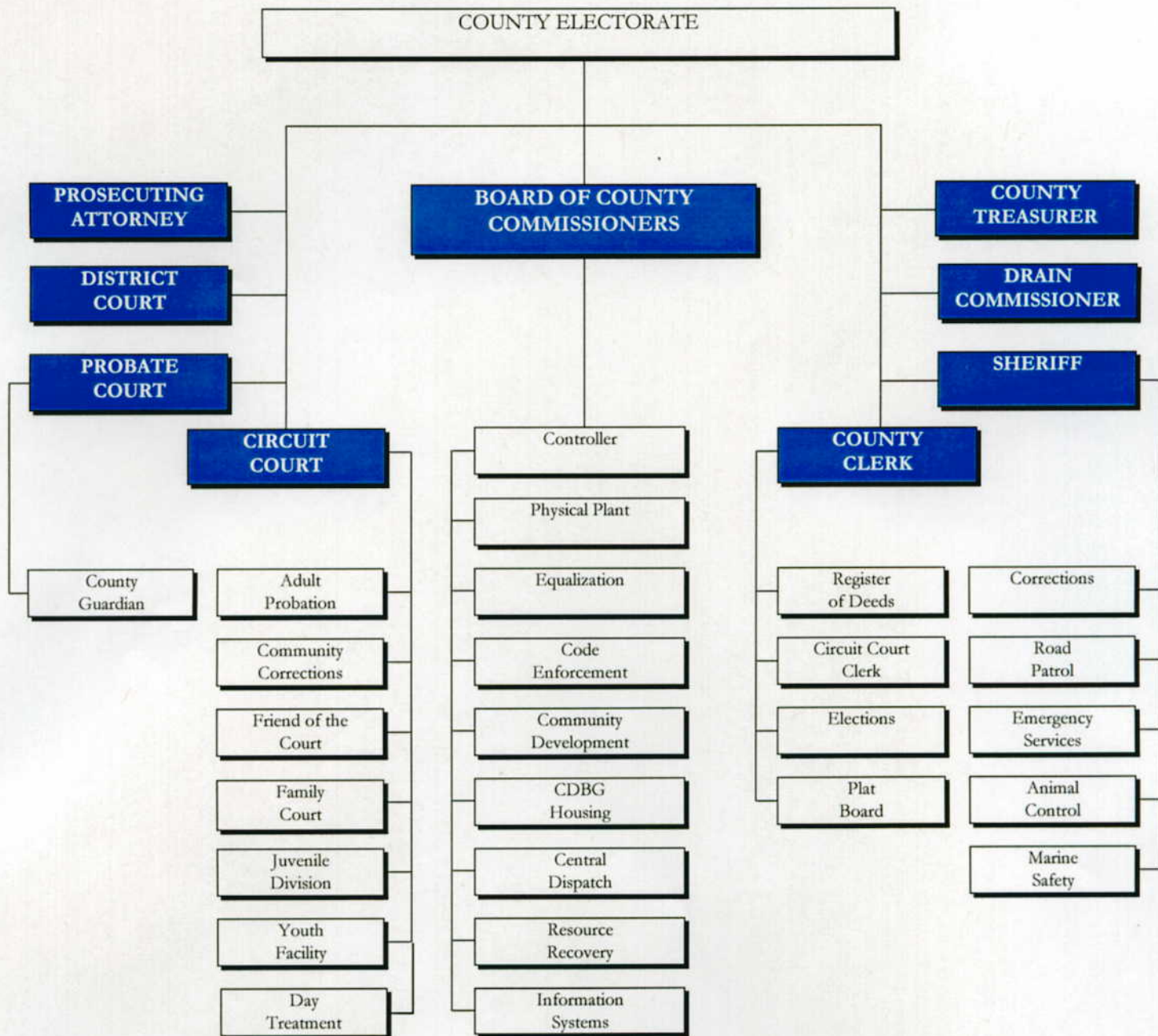
The State of Michigan requires that an annual audit of the financial records and transactions of all departments of the County be performed by an independent certified public accountant. In addition, the audit is designed to meet the requirements set forth in the Single Audit Act of 1984 and related OMB Circular A-133. The auditors' report on the general purpose financial statements is included on the financial section of the report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "J. Stewart", is written over a circular stamp. The stamp contains the text "James A. Stewart" and "Controller" in a serif font.

James A. Stewart
Controller

ORGANIZATIONAL CHART



ELECTED OFFICIALS IN BLUE

PRINCIPAL OFFICIALS

Board of Commissioners

Mark Smuts	District 1
Harlan MacDowell	District 2
Alvin Kempf	District 3
Kim Maylee	District 4
Janice Land	District 5
J. William Hawes, Vice Chair	District 6
Jon Reynolds	District 7
Joseph Brehler	District 8
John Forell	District 9
Janice Tower	District 10
Robert Johnson	District 11
L. Daryl Baker	District 12
Carroll Moon	District 13
Denise Clarke	District 14
Leonard Peters, Chairman	District 15

County Clerk/Register of Deeds

Fran Fuller

County Sheriff

Rick Jones

County Treasurer

William Conarton, Jr.

Drain Commissioner

Braden Harrington

Prosecuting Attorney

Jeffrey Sauter

Administration

James Stewart, Controller

John Fuentes, CPA, Assistant Controller

FINANCIAL SECTION



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP

 an independent member of
BAKER TILLY
INTERNATIONAL

INDEPENDENT AUDITORS' REPORT

January 28, 2005

The Board of Commissioners
Eaton County, Michigan
Charlotte, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **EATON COUNTY, MICHIGAN**, as of and for the year ended September 30, 2004, which collectively comprise the basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Eaton County Road Commission, which represents 55% of the assets, and 52% of the revenues of the aggregate discretely presented component units of the County. Those financial statements were audited by other auditors whose report was furnished to us, and our opinion, insofar as it relates to the amounts included for the Eaton County Road Commission is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit, and the report of other auditors, provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Eaton County, Michigan, as of September 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparisons for the general fund and each major special revenue fund, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3-12 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2005, on our consideration of Eaton County, Michigan's internal controls over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of Eaton County, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, based upon our audit and the report of other auditors, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, reading "Lehmann Lobson". The signature is written in a cursive, flowing style with a large initial 'L'.

MANAGEMENT'S DISCUSSION and ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Eaton County, Michigan we offer the readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2004. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the accompanying basic financial statements.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$30,512,762 (*net assets*). Of this amount, \$16,834,383 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net assets increased by \$1,140,846 during 2004.
- As of the close of the current fiscal year, the County's governmental funds (this includes the general fund, special revenue funds, debt service and capital projects funds) reported combined ending fund balances of \$4,503,559 a decrease of \$6,229,531 in comparison with the prior year. Of the fund balance amount, \$4,093,471 is *available for spending* at the government's discretion (*unreserved fund balance*).
- The general fund had a loss of \$1,172,503 for 2004. At the end of the year, unreserved fund balance for the general fund was \$546,167, or approximately 2 percent of total general fund expenditures. Total fund balance for the general fund was \$956,255.
- The County's total bonded debt, which excludes delinquent tax notes, decreased by \$1,950,000 during the current fiscal year.

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the County as a whole (government-wide financial statements) and present a longer-term view of the County's finances. Fund financial statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds.

The remaining statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the government. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Reporting the County as a Whole

The Statement of Net Assets and the Statement of Activities. One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of this year's activities?" The Statement of Net Assets and the Statement of Activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the County's *net assets* and changes in them. One can think of the County's net assets – the difference between assets and liabilities – as one way to measure the County's financial health, or *financial position*. Over time, *increases or decreases* in the County's net assets are one indicator of whether its *financial health* is improving or deteriorating. During 2004, the net assets of the County increased by \$1,140,846.

The Statement of Net Assets and the Statement of Activities, present information about the following:

Governmental activities. All of the County’s basic services are considered to be governmental activities, including legislative, judicial, general government, public safety, public works, health and welfare, recreation and culture, and other activities. Property taxes, intergovernmental revenue and charges for services finance most of these activities.

Business-type activities. Other functions of the County that are intended to recover all or a significant portion of their costs through user fees and charges are considered to be business-type activities. These include delinquent tax collections and the medical care facility.

Component units. The County includes four legally separate entities in its financial statements: the Eaton County Department of Public Works, the Eaton County Drain Commissioner, the Barry/Eaton District Health Department, and the Eaton County Road Commission. Although legally separate, these “component units” are important because the County is financially accountable for them.

Financial statements for these *component units* are reported separately from the financial information presented for the primary government itself. The Eaton County Building Authority, although also legally separate, functions for all practical purposes as a department of the County, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 13-15 of this report.

Reporting the County’s Most Significant Funds

Fund Financial Statements. The fund financial statements provide detailed information about the most significant funds – not the County as a whole. Some funds are required to be established by State law or bond covenants. However, the County establishes many other funds to help control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. The County’s two primary kinds of funds – *governmental and proprietary* – use different accounting approaches.

Governmental funds. Most of the County’s basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called the *modified accrual* basis of accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the County’s general governmental operations and the basic services it provides.

Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the County’s programs. Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains 54 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, jail millage, central dispatch and child care funds, each of which are considered to be major funds. Data from the other 50 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in the report.

The basic governmental fund financial statements can be found on pages 16-24 of this report.

Proprietary funds. The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for delinquent tax operations, medical care facility operations and the operation of a jail commissary. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for payroll fringe benefits. Because these services predominantly benefit governmental rather than business-type functions, they have been included within the *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the delinquent tax operation, medical care facility operation and the operation of the jail commissary. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 24-27 of this report.

Reporting the County's Fiduciary Responsibilities

The County is the trustee, or *fiduciary*, for certain amounts on behalf of others. Fiduciary funds are used to account for the resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's own programs. The County's fiduciary activities are reported in separate Statement of Fiduciary Assets and Liabilities. The accounting used for fiduciary funds is much like that used for proprietary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The basic fiduciary fund financial statements can be found on page 28 of this report.

Additional Information

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31-53 of this report.

The combining statements referred to earlier in connection with nonmajor governmental, enterprise and internal service funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 54-97 of this report.

Financial Analysis of the County as a Whole

The government-wide financial analysis focuses on the net assets and changes in net assets of the County's governmental and business-type activities. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. As the following table demonstrates, the County's assets exceeded its liabilities by \$30,512,762 at September 30, 2004.

Eaton County's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Assets						
Current and other assets	\$ 12,275,195	\$ 17,226,546	\$ 10,336,173	\$ 14,502,899	\$ 22,611,368	\$ 31,729,445
Capital assets, net	27,715,457	21,362,968	824,518	825,542	28,539,975	22,188,510
Total assets	39,990,652	38,589,514	11,160,691	15,328,441	51,151,343	53,917,955
Liabilities						
Long-term liabilities	16,528,474	14,405,000	98,638	500,000	16,627,112	14,905,000
Other liabilities	3,720,978	6,395,010	290,491	2,821,062	4,011,469	9,216,072
Total liabilities	20,249,452	20,800,010	389,129	3,321,062	20,638,581	24,121,072
Net assets						
Invested in capital assets, net of related debt	12,754,819	5,252,968	824,518	825,542	13,579,337	6,078,510
Restricted	99,042	4,497,153	-	21,500	99,042	4,518,653
Unrestricted	6,887,339	7,614,414	9,947,044	11,160,339	16,834,383	18,774,753
Total net assets	\$ 19,741,200	\$ 17,364,535	\$ 10,771,562	\$ 12,007,381	\$ 30,512,762	\$ 29,371,916

A portion of the County's net assets, \$13,579,337 (45 percent), is its investment in capital assets (i.e., land, buildings, vehicles, equipment and infrastructure), net of any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net assets, \$99,042 (less than 1 percent), represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets*, \$16,834,383 (55 percent), may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the County is able to report positive balances in all three categories (invested in capital assets-net of related debt, restricted and unrestricted) of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Eaton County's Changes in Net Assets

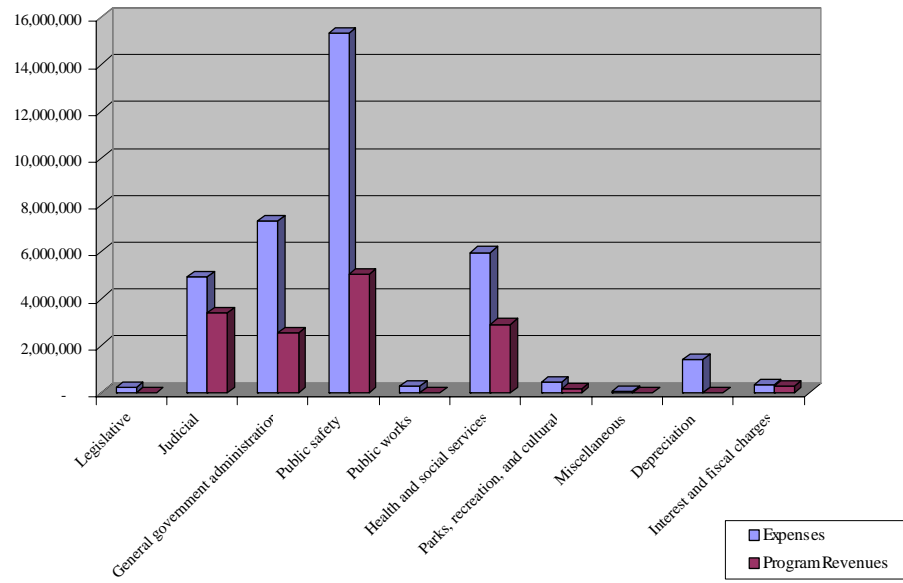
	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Revenues						
Program revenues:						
Charges for services	\$ 5,905,572	\$ 5,055,414	\$ 6,440,640	\$ 6,199,665	\$ 12,346,212	\$ 11,255,079
Operating grants and contributions	8,395,463	8,748,419	23,349	-	8,418,812	8,748,419
Capital grants and contributions	-	102,600	-	-	-	102,600
General revenues:						
Property taxes	19,494,199	18,448,996	-	-	19,494,199	18,448,996
State shared revenue	1,787,137	1,951,979	-	-	1,787,137	1,951,979
Grants and contributions not restricted to specific programs	667,154	547,027	-	157,261	667,154	704,288
Unrestricted investment earnings	272,840	265,800	45,984	53,191	318,824	318,991
Total revenues	<u>36,522,365</u>	<u>35,120,235</u>	<u>6,509,973</u>	<u>6,410,117</u>	<u>43,032,338</u>	<u>41,530,352</u>
Expenses						
Legislative	235,081	235,553	-	-	235,081	235,553
Judicial	4,945,618	4,695,584	-	-	4,945,618	4,695,584
General government	7,338,872	6,915,960	-	-	7,338,872	6,915,960
Public safety	15,332,304	14,912,377	-	-	15,332,304	14,912,377
Public works	249,485	248,854	-	-	249,485	248,854
Health and social services	5,979,781	5,015,394	-	-	5,979,781	5,015,394
Parks, recreation, and cultural	442,972	453,181	-	-	442,972	453,181
Miscellaneous	28,162	12,574	-	-	28,162	12,574
Unallocated depreciation	1,389,369	1,309,522	-	-	1,389,369	1,309,522
Interest on long-term debt	342,179	745,011	-	-	342,179	745,011
Medical Care Facility operation	-	-	5,467,823	5,184,504	5,467,823	5,184,504
Jail Commissary	-	-	103,085	89,377	103,085	89,377
Delinquent tax collections	-	-	36,761	38,659	36,761	38,659
Total expenses	<u>36,283,823</u>	<u>34,544,010</u>	<u>5,607,669</u>	<u>5,312,540</u>	<u>41,891,492</u>	<u>39,856,550</u>
Change in net assets before transfers	238,542	576,225	902,304	1,097,577	1,140,846	1,673,802
Transfers	<u>2,138,123</u>	<u>572,718</u>	<u>(2,138,123)</u>	<u>(907,729)</u>	<u>-</u>	<u>(335,011)</u>
Change in net assets	2,376,665	1,148,943	(1,235,819)	189,848	1,140,846	1,338,791
Net assets, beginning of year, as restated	<u>17,364,535</u>	<u>16,215,592</u>	<u>12,007,381</u>	<u>11,817,533</u>	<u>29,371,916</u>	<u>28,033,125</u>
Net assets, end of year	<u>\$ 19,741,200</u>	<u>\$ 17,364,535</u>	<u>\$ 10,771,562</u>	<u>\$ 12,007,381</u>	<u>\$ 30,512,762</u>	<u>\$ 29,371,916</u>

The County's net assets increased by \$1,140,846 during the current fiscal year – an increase of \$2,376,665 for governmental activities and a decrease of \$1,235,819 for business-type activities.

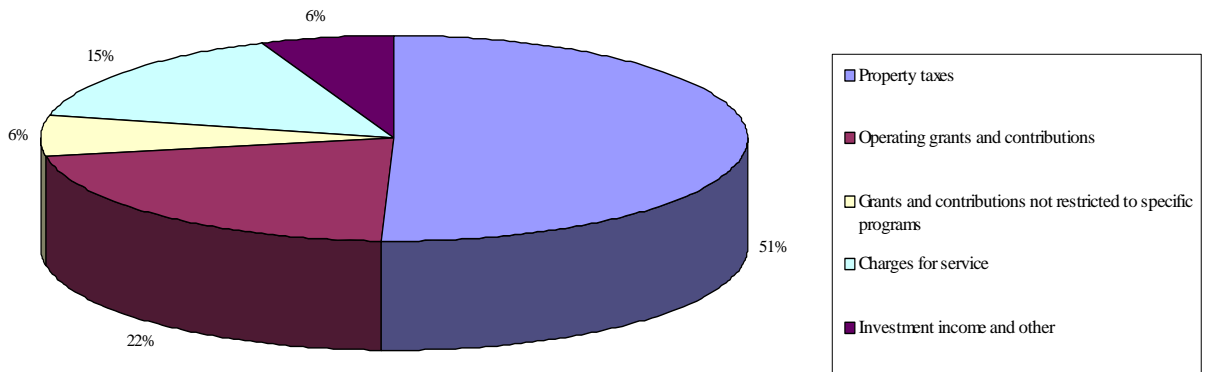
Governmental activities. Governmental activities increased the County's net assets by \$2,376,665, accounting for 100 percent of the total growth in the net assets of the County. Key elements of this increase are as follows:

- Property taxes increased by \$1,045,238 (approximately 6 percent) during the year. This increase is the product of increased taxable values and residential growth.
- Charges for services increased by \$850,158 (17 percent) during the year attributed in part to increases in construction permit revenue, fees generated in the Register of Deeds Technology Fund and diversion fees charged in the Community Prosecution Fund, for the Prosecuting Attorney's Economic Crimes Unit.
- Operating grants for governmental activities decreased by \$352,956 (4 percent) during the year. This decrease is associated with reductions in available State and Federal grant programs and reduced participation in existing programs and continuation grants that have declining grantor participation.
- State shared revenue decreased by \$164,842 (8 percent) due to continued reductions in the State revenue sharing program with counties, which was subsequently replaced by an accelerated property tax collection program after September 30, 2004.

Expenses and Program Revenues - Governmental Activities

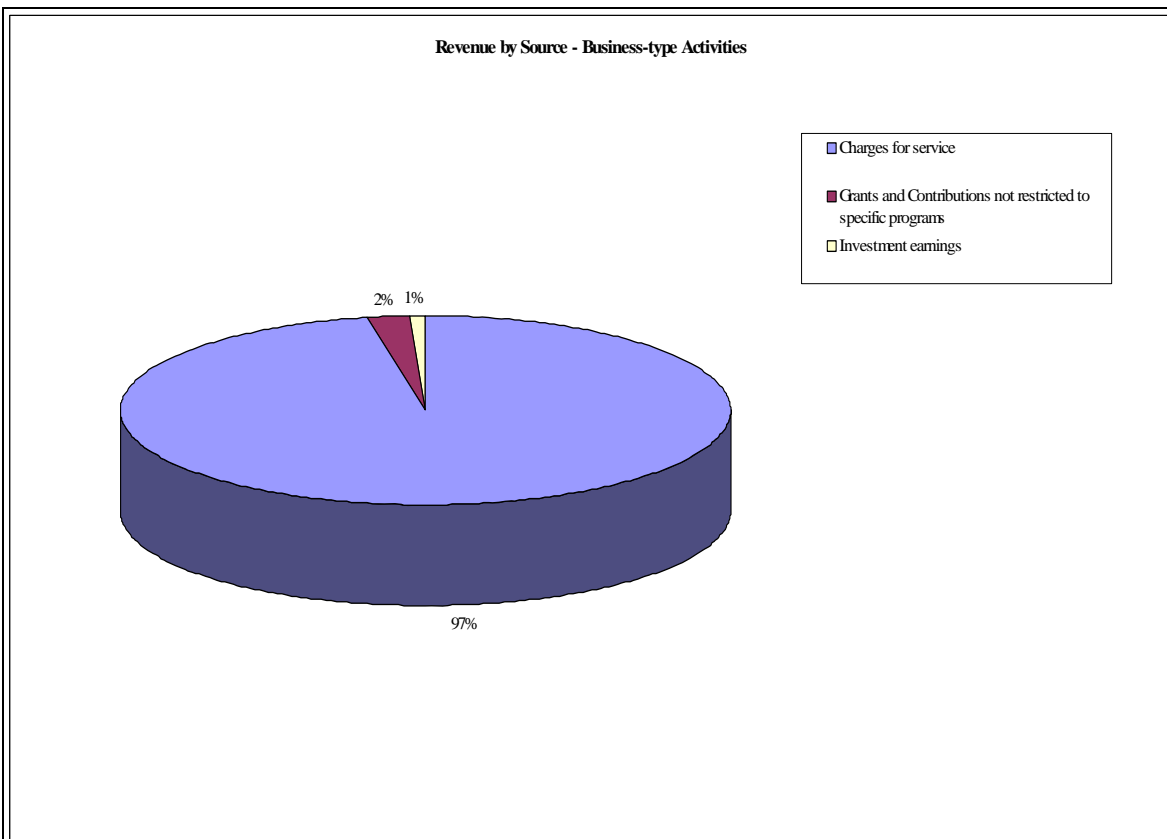
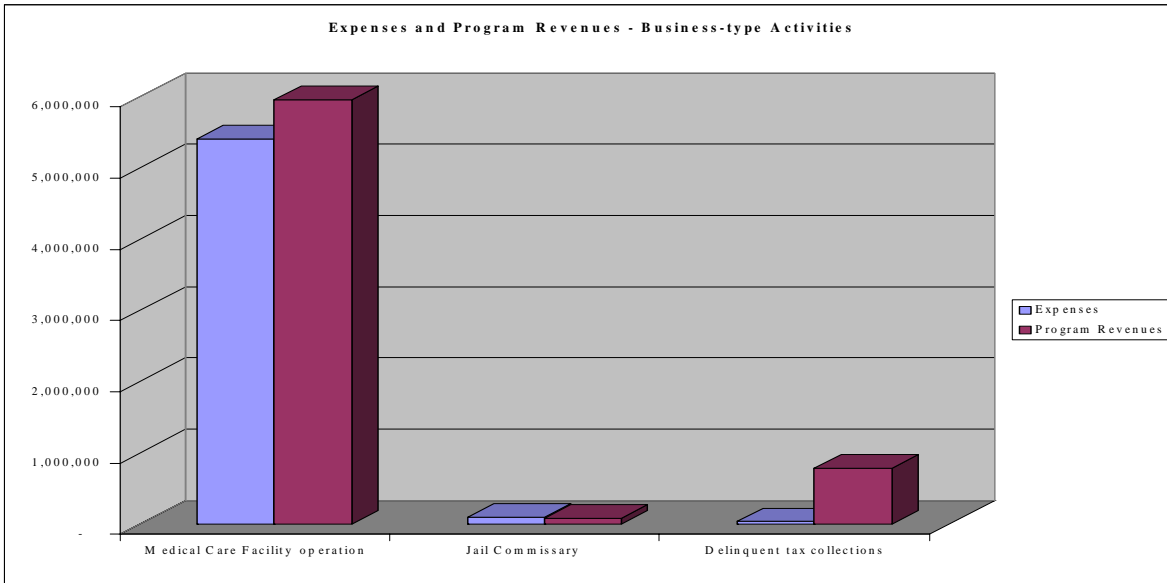


Revenue by Source - Governmental Activities



Business-type activities. Business-type activities decreased the County's net assets by \$1,235,819, for the current year. Key elements of the current year increase are as follows:

- Charges for services for business-type activities increased approximately \$240,975 compared to the prior year.
- Transfers out increased by \$1,230,394 due to the Medical Care Facility's contribution to the Building Authority for a portion of the cost of construction and renovation of the facility.



Financial Analysis of the County's Funds

As noted earlier, Eaton County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$4,503,559 a decrease of \$6,229,531 in comparison with the prior year. Of the fund balance amount, \$4,093,471 constitutes *unreserved fund balance*, which is available for spending at the government's discretion.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the general fund was \$546,167, while total fund balance was \$956,255. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 2 percent of the total general fund expenditures.

The fund balance of the County's general fund decreased by \$1,172,503 during the current fiscal year. This is primarily attributable to reductions in State revenue sharing, combined with increases in the cost of employee fringe benefits, primarily health insurance, and an increase in the appropriation made to the Child Care Fund.

The financial position of the jail millage fund decreased by \$227,716, due primarily to increased principal retirement on the refunding bond issue.

The central dispatch fund had a total fund balance of \$532,843.

The child care fund has a fund balance of \$10,985.

The building authority medical care facility fund has a total fund balance of \$0, which is a result of the progress made toward the completion of a new medical care facility.

Proprietary funds. The County's proprietary funds provide the same type of information in the government-wide financial statements, but in more detail.

Unrestricted net assets of the delinquent tax revolving, medical care facility, 2003 delinquent tax and nonmajor enterprise funds at the end of the year amounted to \$6,226,436, \$2,251,601, \$210,958 and \$1,258,049, respectively. The delinquent tax revolving fund had an increase in net assets for the year of \$727,042 and the nonmajor enterprise funds had a decrease of \$910,990. Other factors concerning the finances of the delinquent tax fund have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

Revenues in the general fund (including transfers in) increased by \$10,425 from the original to the final budget.

Capital Asset and Debt Administration

Capital assets. The County's investment in capital assets for its governmental activities as of September 30, 2004 amounted to \$27,715,457 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements, and vehicles and equipment. The total increase in the County's investment in capital assets for the current fiscal year was 30 percent. The County's business-type activities' capital assets decreased by \$1,024.

Major capital asset events during the current fiscal year included the following:

- Construction in progress for the Building Authority Medical Care Facility expansion and renovation project of \$6,457,234.
- Various building improvements (\$836,300) and new vehicles and equipment (\$419,498).

Eaton County's Capital Assets
(net of depreciation)

	<u>Governmental activities</u>	
	<u>2004</u>	<u>2003</u>
Land and land improvements	\$ 102,628	\$ 102,628
Buildings and improvements	16,648,369	16,502,761
Construction in progress	9,078,957	2,621,723
Vehicles and equipment	<u>1,885,503</u>	<u>2,164,682</u>
Total	<u>\$ 27,715,457</u>	<u>\$ 21,391,794</u>

Additional information on the County's capital assets can be found in note F. on pages 42-43 of this report.

Long-term debt. At the end of the current fiscal year, the County had total bonded debt outstanding of \$14,160,000. This entire amount comprises debt backed by the full faith and credit of the County.

Eaton County's Outstanding Debt
General Obligation

	<u>Governmental activities</u>		<u>Business-Type activities</u>		<u>Total</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
General obligation bonds	\$ 14,160,000	\$ 16,110,000	\$ -	\$ -	\$ 14,160,000	\$ 16,110,000
Delinquent tax notes	<u>-</u>	<u>-</u>	<u>-</u>	<u>500,000</u>	<u>-</u>	<u>500,000</u>
Total	<u>\$ 14,160,000</u>	<u>\$ 16,110,000</u>	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ 14,160,000</u>	<u>\$ 16,610,000</u>

The County's total debt decreased by \$2,450,000 (15 percent) during the current fiscal year. The County retired debt of \$1,950,000 in general obligation bonds during 2004.

The only new borrowing during the year was \$2,000,000 in delinquent tax notes for business-type activities; these notes were retired during 2004. Debt requirements for general obligation bonds of \$2,035,000 and interest of \$582,543 are payable during 2004.

The County has an "A+" rating for general obligation bonds from Standard & Poor's.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation (i.e., State Equalized Value). The current debt limitation for the County is \$336,357,914, which is significantly in excess of the County's outstanding general obligation debt.

Additional information on the County's long-term debt can be found in note H on pages 44-47 of this report.

Economic Factors and next Year's Budgets and Rates

The following factors were considered in preparing the County's budget for the 2005 fiscal year:

- Property tax revenues are budgeted to increase 5.6% in 2005.
- Part of the State of Michigan's strategy for balancing its fiscal 2004-05 budget was to eliminate county statutory revenue sharing. The County included \$1,524,009 in the 2005 budget for revenue sharing. Subsequent changes in the General Property Tax Act, which changed when county property taxes are due and created a Revenue Sharing Reserve Fund, which the county can draw from, replaced this revenue. The County is restricted to drawing against this reserve fund to an amount equal to that which it would have otherwise received through the previous revenue sharing program, as calculated by the State (\$1,898,766 for 2005).
- County voters approved a millage on November 2, 2004 to fund juvenile prevention and treatment programs, which will help to reduce the reliance on the General Fund to continue to fund the escalating costs of out-of-home detention and treatment programs for juveniles.

During the current fiscal year, unreserved fund balance in the general fund decreased by \$1,172,503. The general rule of thumb is that fund balances can be used to help governments weather bad times but should not be used as a means of funding routine operations. In 2005, the County has budgeted a \$1,595,158 deficit of revenues over expenditures and transfers out.

Contacting the County's Controller

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Eaton County Controller, 1045 Independence Boulevard, Charlotte, Michigan 48813.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

EATON COUNTY, MICHIGAN

Statement of Net Assets

September 30, 2004

	Primary Government			Component
	Governmental	Business-Type	Totals	Units
	Activities	Activities		
Assets				
Cash and cash equivalents	\$ 4,431,188	\$ 8,785,945	\$ 13,217,133	\$ 15,766,378
Restricted cash	-	15,299	15,299	10,392
Investments	3,633,125	-	3,633,125	-
Receivables, net	2,424,956	2,944,549	5,369,505	10,738,078
Internal balances	1,462,250	(1,462,250)	-	-
Inventories	-	52,630	52,630	332,614
Prepaid items	323,676	-	323,676	501,367
Leases receivable	-	-	-	7,570,637
Capital assets not being depreciated	9,181,585	-	9,181,585	20,141,521
Capital assets being depreciated, net	18,533,872	824,518	19,358,390	94,342,757
Total assets	39,990,652	11,160,691	51,151,343	149,403,744
Liabilities				
Accounts payable and accrued expenses	3,210,906	290,491	3,501,397	1,890,895
Interest payable	135,497	-	135,497	593,051
Deferred revenue	374,575	-	374,575	8,667,908
Long-term liabilities:				
Due within one year	2,222,510	20,000	2,242,510	3,559,963
Due in more than one year	14,305,964	78,638	14,384,602	40,815,538
Total liabilities	20,249,452	389,129	20,638,581	55,527,355
Net assets				
Invested in capital assets, net of related debt	12,754,819	824,518	13,579,337	78,243,294
Restricted for:				
Debt service	6,675	-	6,675	3,415,250
Other purposes	92,367	-	92,367	1,399,180
Unrestricted	6,887,339	9,947,044	16,834,383	10,818,665
Total net assets	\$ 19,741,200	\$ 10,771,562	\$ 30,512,762	\$ 93,876,389

The accompanying notes are an integral part of these financial statements.

EATON COUNTY, MICHIGAN
Statement of Activities
For the Year Ended September 30, 2004

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
Legislative	\$ 235,081	\$ -	\$ -	\$ -	\$ (235,081)
Judicial	4,945,618	1,557,332	1,845,932	-	(1,542,354)
General government	7,338,872	2,021,393	508,228	-	(4,809,251)
Public safety	15,332,304	1,508,085	3,555,054	-	(10,269,165)
Public works	249,485	-	-	-	(249,485)
Health and social services	5,979,781	485,560	2,432,710	-	(3,061,511)
Parks, recreation, and cultural	442,972	133,702	2,859	-	(306,411)
Miscellaneous	28,162	-	650	-	(27,512)
Unallocated depreciation	1,389,369	-	-	-	(1,389,369)
Interest on long-term debt	342,179	199,500	50,030	-	(92,649)
Total governmental activities	36,283,823	5,905,572	8,395,463	-	(21,982,788)
Business-type activities:					
Medical Care Facility operation	5,467,823	5,592,821	-	-	124,998
Jail Commissary	103,085	86,604	60	-	(16,421)
Delinquent tax collections	36,761	761,215	23,289	-	747,743
Total business-type activities	5,607,669	6,440,640	23,349	-	856,320
Total primary government	<u>\$ 41,891,492</u>	<u>\$ 12,346,212</u>	<u>\$ 8,418,812</u>	<u>\$ -</u>	<u>\$ (21,126,468)</u>
Component units					
Board of Public Works	\$ 376,796	\$ -	\$ 376,796	\$ -	\$ -
Drainage Districts	3,262,462	1,004,137	314,791	1,991,607	48,073
District Health Department	6,105,244	2,147,688	4,184,401	-	226,845
Road Commission	10,713,089	94,346	11,015,604	-	396,861
Total component units	<u>\$ 20,457,591</u>	<u>\$ 3,246,171</u>	<u>\$ 15,891,592</u>	<u>\$ 1,991,607</u>	<u>\$ 671,779</u>

Continued...

EATON COUNTY, MICHIGAN
Statement of Activities (Concluded)
For the Year Ended September 30, 2004

	Primary Government			Component
	Governmental	Business-type	Totals	Units
	Activities	Activities		
Change in net assets				
Net (expense) revenue	\$ (21,982,788)	\$ 856,320	\$ (21,126,468)	\$ 671,779
General revenues:				
Property taxes	19,494,199	-	19,494,199	-
State shared revenue	1,787,137	-	1,787,137	-
Grants and contributions not restricted to specific programs	667,154	-	667,154	-
Unrestricted investment earnings	272,840	45,984	318,824	134,651
Transfers - internal activities	2,138,123	(2,138,123)	-	-
Total general revenues and transfers	24,359,453	(2,092,139)	22,267,314	134,651
Change in net assets	2,376,665	(1,235,819)	1,140,846	806,430
Net assets, October 1, as restated	17,364,535	12,007,381	29,371,916	93,069,959
Net assets, September 30	<u>\$ 19,741,200</u>	<u>\$ 10,771,562</u>	<u>\$ 30,512,762</u>	<u>\$ 93,876,389</u>

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

EATON COUNTY, MICHIGAN
Balance Sheet - Governmental Funds
September 30, 2004

	<u>General</u>	<u>Jail Millage</u>	<u>Central Dispatch</u>	<u>Child Care</u>	<u>Building Authority Medical Care Facility</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>							
Assets							
Cash and cash equivalents	\$ 23,898	\$ 460,168	\$ 598,313	\$ -	\$ 60,018	\$ 2,201,197	\$ 3,343,594
Receivables:							
Property taxes	226,995	41,257	39,783	-	-	-	308,035
Accounts, net	48,970	-	-	184,162	-	-	233,132
Special assessments	1,695	-	-	-	-	91,344	93,039
Due from other governments:							
Federal/State	970,179	-	-	273,180	-	414,611	1,657,970
Local	9,705	-	-	3,075	-	-	12,780
Due from other funds	500,000	-	-	-	961,943	250	1,462,193
Interfund receivable	-	381,807	-	-	-	-	381,807
Prepays	290,088	-	19,207	-	-	-	309,295
Advances to component unit	120,000	-	-	-	-	-	120,000
<u>TOTAL ASSETS</u>	<u>\$ 2,191,530</u>	<u>\$ 883,232</u>	<u>\$ 657,303</u>	<u>\$ 460,417</u>	<u>\$ 1,021,961</u>	<u>\$ 2,707,402</u>	<u>\$ 7,921,845</u>
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities							
Accounts payable	\$ 493,423	\$ 26,739	\$ 34,220	\$ 69,889	\$ 1,021,961	\$ 128,356	\$ 1,774,588
Accrued liabilities	443,978	21,072	43,977	37,189	-	49,233	595,449
Due to other governmental units:							
Federal/State	-	-	-	84,423	-	115,197	199,620
Due to other funds	70,879	3,923	6,480	4,626	-	6,339	92,247
Interfund payable	-	-	-	253,305	-	128,502	381,807
Deferred revenue	226,995	41,257	39,783	-	-	66,540	374,575
Total liabilities	<u>1,235,275</u>	<u>92,991</u>	<u>124,460</u>	<u>449,432</u>	<u>1,021,961</u>	<u>494,167</u>	<u>3,418,286</u>
Fund balances							
Reserved for prepaids/advances	410,088	-	-	-	-	-	410,088
Unreserved:							
Undesignated	546,167	790,241	532,843	10,985	-	-	1,880,236
Undesignated, reported in nonmajor:							
Special revenue funds	-	-	-	-	-	2,114,193	2,114,193
Debt service funds	-	-	-	-	-	6,675	6,675
Permanent funds	-	-	-	-	-	92,367	92,367
Total fund balances	<u>956,255</u>	<u>790,241</u>	<u>532,843</u>	<u>10,985</u>	<u>-</u>	<u>2,213,235</u>	<u>4,503,559</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 2,191,530</u>	<u>\$ 883,232</u>	<u>\$ 657,303</u>	<u>\$ 460,417</u>	<u>\$ 1,021,961</u>	<u>\$ 2,707,402</u>	<u>\$ 7,921,845</u>

The accompanying notes are an integral part of these financial statements.

EATON COUNTY, MICHIGAN
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets of
Governmental Activities on the Statement of Net Assets
September 30, 2004

Total fund balances for governmental funds	\$	4,503,559
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Add - capital assets	\$ 44,946,403	
Deduct - accumulated depreciation	<u>(17,230,946)</u>	27,715,457

Long-term bonded debt is not due and payable in the current period and therefore not reported in the funds. Unamortized premiums, loss on refundings, and interest payable are not reported in the funds. However, these amounts are included in the Statement of Net Assets. This is the net effect of these balances on the statement.

Deduct - bonds and notes payable	(14,960,638)	
Deduct - interest payable	<u>(135,497)</u>	(15,096,135)

Internal service funds are used by management to charge costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.	4,186,155
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Accrued vacation and sick time earned by eligible employees is not payable in the current period and therefore is not reported in the funds; however, these amounts are included in the Statement of Net Assets.	<u>(1,567,836)</u>
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Net assets of governmental activities	\$	<u><u>19,741,200</u></u>
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The accompanying notes are an integral part of these financial statements.

EATON COUNTY, MICHIGAN
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2004

	<u>General</u>	<u>Jail Millage</u>	<u>Central Dispatch</u>	<u>Child Care</u>	<u>Building Authority Medical Care Facility</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues							
Property taxes	\$ 14,367,262	\$ 2,606,385	\$ 2,520,552	\$ -	\$ -	\$ -	\$ 19,494,199
Licenses and permits	179,525	-	-	-	-	894,419	1,073,944
Intergovernmental:							
Federal/State	4,955,275	31,492	186,832	1,301,506	-	1,786,832	8,261,937
Local	2,256,288	-	2,575	34,817	-	56,275	2,349,955
Charges for services	3,133,459	-	-	162,724	-	935,939	4,232,122
Fines and forfeitures	171,575	-	-	-	-	22,302	193,877
Interest and rents	305,334	3,625	2,582	-	16,978	206,897	535,416
Miscellaneous	223,085	-	-	3,401	-	21,450	247,936
Total revenues	<u>25,591,803</u>	<u>2,641,502</u>	<u>2,712,541</u>	<u>1,502,448</u>	<u>16,978</u>	<u>3,924,114</u>	<u>36,389,386</u>
Expenditures							
Current:							
Legislative	240,107	-	-	-	-	-	240,107
Judicial	4,897,018	-	-	-	-	126,948	5,023,966
General government	6,612,597	-	-	-	-	190,847	6,803,444
Public safety	11,014,438	871,014	2,242,845	-	-	1,621,043	15,749,340
Public works	249,485	-	-	-	-	-	249,485
Health and social services	1,464,357	-	-	3,191,345	-	1,352,661	6,008,363
Parks, recreation and culture	20,000	-	-	-	-	427,563	447,563
Miscellaneous	7,794	-	-	-	-	20,368	28,162
Capital outlay	327,884	41,425	76,898	28	6,457,233	1,464,437	8,367,905
Debt service:							
Principal	-	-	-	-	-	1,985,362	1,985,362
Interest and fiscal charges	-	-	-	-	-	689,343	689,343
Total expenditures	<u>24,833,680</u>	<u>912,439</u>	<u>2,319,743</u>	<u>3,191,373</u>	<u>6,457,233</u>	<u>7,878,572</u>	<u>45,593,040</u>
Revenues over (under) expenditures	<u>758,123</u>	<u>1,729,063</u>	<u>392,798</u>	<u>(1,688,925)</u>	<u>(6,440,255)</u>	<u>(3,954,458)</u>	<u>(9,203,654)</u>
Other financing sources (uses)							
Transfers in	936,595	-	-	1,685,468	961,943	3,957,868	7,541,874
Transfers out	(2,867,221)	(1,956,779)	(364,645)	-	-	(215,106)	(5,403,751)
Issuance of long-term debt	-	-	-	-	-	836,000	836,000
Total other sources (uses)	<u>(1,930,626)</u>	<u>(1,956,779)</u>	<u>(364,645)</u>	<u>1,685,468</u>	<u>961,943</u>	<u>4,578,762</u>	<u>2,974,123</u>
Net change in fund balances	<u>(1,172,503)</u>	<u>(227,716)</u>	<u>28,153</u>	<u>(3,457)</u>	<u>(5,478,312)</u>	<u>624,304</u>	<u>(6,229,531)</u>
Fund balances, October 1, as restated	<u>2,128,758</u>	<u>1,017,957</u>	<u>504,690</u>	<u>14,442</u>	<u>5,478,312</u>	<u>1,588,931</u>	<u>10,733,090</u>
Fund balances, September 30	<u>\$ 956,255</u>	<u>\$ 790,241</u>	<u>\$ 532,843</u>	<u>\$ 10,985</u>	<u>\$ -</u>	<u>\$ 2,213,235</u>	<u>\$ 4,503,559</u>

The accompanying notes are an integral part of these financial statements.

EATON COUNTY, MICHIGAN
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended September 30, 2004

Net change in fund balance - total governmental funds	\$	(6,229,531)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Add - capital outlay	\$ 7,713,032		
Deduct - depreciation expense	<u>(1,389,369)</u>		6,323,663

Bond proceeds provide current financial resources to the governmental funds by issuing debt which increases long-term bonded debt in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term bonded debt in the Statement of Net Assets. This is the amount proceeds exceed repayments.

Deduct - installment contract	(836,000)		
Add - repayment of debt principal	<u>1,985,362</u>		1,149,362

Accrued interest expense on bonds is not recorded by governmental funds, but is reported under interest and fiscal charges for purposes of net assets.

Add - decrease in accrued interest expense		347,164
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Some expenses reported in the Statement of Activities do not require the use current financial resources and therefore are not reported as fund expenditures.

Deduct - increase in accrued compensated absences		(71,191)
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Internal service funds are used by management to charge costs of certain activities, such as insurance, to individual funds. The net change in net assets of the internal service funds is reported with governmental activities in the Statement of Activities.

		<u>857,198</u>
Changes in net assets of governmental activities	\$	<u>2,376,665</u>

The accompanying notes are an integral part of these financial statements.

EATON COUNTY, MICHIGAN
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended September 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
Revenues				
Taxes	\$ 14,369,913	\$ 14,369,913	\$ 14,367,262	\$ (2,651)
Licenses and permits	171,874	171,874	179,525	7,651
Intergovernmental:				
Federal/State	5,279,520	5,281,520	4,955,275	(326,245)
Local	2,278,690	2,283,190	2,256,288	(26,902)
Charges for services	3,159,187	3,159,187	3,133,459	(25,728)
Fines and forfeitures	184,260	184,260	171,575	(12,685)
Interest and rents	562,000	562,000	305,334	(256,666)
Miscellaneous	234,869	238,794	223,085	(15,709)
	<u>26,240,313</u>	<u>26,250,738</u>	<u>25,591,803</u>	<u>(658,935)</u>
Total revenues				
Expenditures				
Current:				
Legislative	245,646	248,146	240,107	8,039
Judicial	4,990,831	5,073,506	4,897,018	176,488
General government administration	6,812,897	6,919,176	6,612,597	306,579
Public safety	11,040,277	11,151,945	11,014,438	137,507
Public works	335,000	335,000	249,485	85,515
Health and social services	1,486,049	1,489,115	1,464,357	24,758
Parks, recreation, and cultural	20,000	20,000	20,000	-
Miscellaneous	468,071	116,072	7,794	108,278
Capital outlay	407,690	432,086	327,884	104,202
	<u>25,806,461</u>	<u>25,785,046</u>	<u>24,833,680</u>	<u>951,366</u>
Total expenditures				
Revenues over expenditures	<u>433,852</u>	<u>465,692</u>	<u>758,123</u>	<u>292,431</u>
Other financing sources (uses)				
Transfers in	888,413	888,413	936,595	48,182
Transfers out	(2,839,243)	(2,871,083)	(2,867,221)	3,862
	<u>(1,950,830)</u>	<u>(1,982,670)</u>	<u>(1,930,626)</u>	<u>52,044</u>
Total other sources (uses)				
Net changes in fund balance	<u>(1,516,978)</u>	<u>(1,516,978)</u>	<u>(1,172,503)</u>	<u>344,475</u>
Fund balance, October 1	<u>2,128,758</u>	<u>2,128,758</u>	<u>2,128,758</u>	<u>-</u>
Fund balance, September 30	<u>\$ 611,780</u>	<u>\$ 611,780</u>	<u>\$ 956,255</u>	<u>\$ 344,475</u>

The accompanying notes are an integral part of these financial statements.

EATON COUNTY, MICHIGAN
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Jail Millage Special Revenue Fund
For the Year Ended September 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
Revenues				
Taxes	\$ 2,607,434	\$ 2,607,434	\$ 2,606,385	\$ (1,049)
Licenses and permits	-	-	-	-
Intergovernmental:				
Federal/State	36,636	36,636	31,492	(5,144)
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	3,625	3,625
Miscellaneous	-	-	-	-
	<u>2,644,070</u>	<u>2,644,070</u>	<u>2,641,502</u>	<u>(2,568)</u>
Total revenues				
Expenditures				
Current:				
Legislative	-	-	-	-
Judicial	-	-	-	-
General government administration	-	-	-	-
Public safety	902,360	912,019	871,014	41,005
Public works	-	-	-	-
Health and social services	-	-	-	-
Parks, recreation and culture	-	-	-	-
Miscellaneous	-	-	-	-
Capital outlay	43,272	42,714	41,425	1,289
	<u>945,632</u>	<u>954,733</u>	<u>912,439</u>	<u>42,294</u>
Total expenditures				
Revenues over expenditures	<u>1,698,438</u>	<u>1,689,337</u>	<u>1,729,063</u>	<u>39,726</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	(1,889,029)	(1,889,029)	(1,956,779)	(67,750)
	<u>(1,889,029)</u>	<u>(1,889,029)</u>	<u>(1,956,779)</u>	<u>(67,750)</u>
Total other sources (uses)				
Net changes in fund balance	(190,591)	(199,692)	(227,716)	(28,024)
Fund balance, October 1	<u>1,017,957</u>	<u>1,017,957</u>	<u>1,017,957</u>	<u>-</u>
Fund balance, September 30	<u>\$ 827,366</u>	<u>\$ 818,265</u>	<u>\$ 790,241</u>	<u>\$ (28,024)</u>

The accompanying notes are an integral part of these financial statements.

EATON COUNTY, MICHIGAN
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Central Dispatch Special Revenue Fund
For the Year Ended September 30, 2004

	Original Budget	Final Budget	Actual	Variance with Final Budget + (-)
Revenues				
Taxes	\$ 2,518,603	\$ 2,518,603	\$ 2,520,552	\$ 1,949
Licenses and permits	-	-	-	-
Intergovernmental:				
Federal/State	167,881	167,881	186,832	18,951
Local	2,700	2,700	2,575	(125)
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	15,000	15,000	2,582	(12,418)
Miscellaneous	-	-	-	-
Total revenues	<u>2,704,184</u>	<u>2,704,184</u>	<u>2,712,541</u>	<u>8,357</u>
Expenditures				
Current:				
Legislative	-	-	-	-
Judicial	-	-	-	-
General government administration	-	-	-	-
Public safety	2,351,874	2,342,974	2,242,845	100,129
Public works	-	-	-	-
Health and social services	-	-	-	-
Parks, recreation and culture	-	-	-	-
Miscellaneous	-	-	-	-
Capital outlay	97,750	96,750	76,898	19,852
Total expenditures	<u>2,449,624</u>	<u>2,439,724</u>	<u>2,319,743</u>	<u>119,981</u>
Revenues over expenditures	<u>254,560</u>	<u>264,460</u>	<u>392,798</u>	<u>128,338</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	(316,463)	(326,363)	(364,645)	(38,282)
Total other sources (uses)	<u>(316,463)</u>	<u>(326,363)</u>	<u>(364,645)</u>	<u>(38,282)</u>
Net changes in fund balance	(61,903)	(61,903)	28,153	90,056
Fund balance, October 1	<u>504,690</u>	<u>504,690</u>	<u>504,690</u>	<u>-</u>
Fund balance, September 30	<u><u>\$ 442,787</u></u>	<u><u>\$ 442,787</u></u>	<u><u>\$ 532,843</u></u>	<u><u>\$ 90,056</u></u>

The accompanying notes are an integral part of these financial statements.

EATON COUNTY, MICHIGAN
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Child Care Special Revenue Fund
For the Year Ended September 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental:				
Federal/State	1,005,696	1,331,675	1,301,506	(30,169)
Local	90,000	90,000	34,817	(55,183)
Charges for services	120,000	120,000	162,724	42,724
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Miscellaneous	-	-	3,401	3,401
	<u>1,215,696</u>	<u>1,541,675</u>	<u>1,502,448</u>	<u>(39,227)</u>
Total revenues				
	<u>1,215,696</u>	<u>1,541,675</u>	<u>1,502,448</u>	<u>(39,227)</u>
Expenditures				
Current:				
Legislative	-	-	-	-
Judicial	-	-	-	-
General government administration	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and social services	2,635,329	3,235,808	3,191,345	44,463
Parks, recreation and culture	-	-	-	-
Miscellaneous	-	-	-	-
Capital outlay	-	-	28	(28)
	<u>2,635,329</u>	<u>3,235,808</u>	<u>3,191,373</u>	<u>44,435</u>
Total expenditures				
	<u>2,635,329</u>	<u>3,235,808</u>	<u>3,191,373</u>	<u>44,435</u>
Revenues over (under) expenditures	<u>(1,419,633)</u>	<u>(1,694,133)</u>	<u>(1,688,925)</u>	<u>5,208</u>
Other financing sources (uses)				
Transfers in	1,419,633	1,694,133	1,685,468	(8,665)
Transfers out	-	-	-	-
	<u>1,419,633</u>	<u>1,694,133</u>	<u>1,685,468</u>	<u>(8,665)</u>
Total other sources (uses)				
	<u>1,419,633</u>	<u>1,694,133</u>	<u>1,685,468</u>	<u>(8,665)</u>
Net changes in fund balance	-	-	(3,457)	(3,457)
Fund balance, October 1	<u>14,442</u>	<u>14,442</u>	<u>14,442</u>	<u>-</u>
Fund balance, September 30	<u>\$ 14,442</u>	<u>\$ 14,442</u>	<u>\$ 10,985</u>	<u>\$ (3,457)</u>

The accompanying notes are an integral part of these financial statements.

EATON COUNTY, MICHIGAN
Statement of Net Assets
Proprietary Funds
September 30, 2004

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Medical Care Facility	Delinquent Tax Revolving	2003 Delinquent Tax Revolving	Other Enterprise Funds	Total	
Assets						
Current assets:						
Cash and cash equivalents	\$ 2,954,564	\$ 4,415,128	\$ 491,879	\$ 924,374	\$ 8,785,945	\$ 1,087,594
Restricted cash	15,299	-	-	-	15,299	-
Investments	-	-	-	-	-	3,633,125
Receivables:						
Property taxes	-	12,197	2,022,502	332,829	2,367,528	-
Accounts, net	576,297	-	-	-	576,297	-
Other	-	-	-	724	724	-
Due from other funds	-	-	-	-	-	92,304
Inventories	42,448	-	-	10,182	52,630	-
Prepays	-	-	-	-	-	14,381
Total current assets	3,588,608	4,427,325	2,514,381	1,268,109	11,798,423	4,827,404
Noncurrent assets:						
Advances to other funds	-	2,300,000	-	-	2,300,000	-
Land	112,315	-	-	-	112,315	-
Buildings	1,861,067	-	-	-	1,861,067	-
Equipment	1,202,572	-	-	-	1,202,572	-
Accumulated depreciation	(2,351,436)	-	-	-	(2,351,436)	-
Total noncurrent assets	824,518	2,300,000	-	-	3,124,518	-
Total assets	4,413,126	6,727,325	2,514,381	1,268,109	14,922,941	4,827,404
Liabilities						
Current liabilities:						
Accounts payable	98,419	889	3,423	9,561	112,292	240,234
Accrued liabilities	162,909	-	-	442	163,351	401,015
Due to other funds	962,193	500,000	-	57	1,462,250	-
Payable from restricted assets	14,848	-	-	-	14,848	-
Current portion of accrued compensated absences	20,000	-	-	-	20,000	-
Total current liabilities	1,258,369	500,889	3,423	10,060	1,772,741	641,249
Noncurrent liabilities:						
Advances from other funds	-	-	2,300,000	-	2,300,000	-
Accrued compensated absences, net of current portion	78,638	-	-	-	78,638	-
Total noncurrent liabilities	78,638	-	2,300,000	-	2,378,638	-
Total liabilities	1,337,007	500,889	2,303,423	10,060	4,151,379	641,249
Net assets						
Invested in capital assets, net of related debt	824,518	-	-	-	824,518	-
Unrestricted	2,251,601	6,226,436	210,958	1,258,049	9,947,044	4,186,155
Total net assets	\$ 3,076,119	\$ 6,226,436	\$ 210,958	\$ 1,258,049	\$ 10,771,562	\$ 4,186,155

The accompanying notes are an integral part of these financial statements.

EATON COUNTY, MICHIGAN
Statement of Revenues, Expenses and
Changes in Net Assets
Proprietary funds
For the Year Ended September 30, 2004

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Medical Care Facility	Delinquent Tax Revolving	2003 Delinquent Tax Revolving	Other Enterprise Funds	Total	
Operating revenues						
Charges for services	\$ 5,592,821	\$ -	\$ -	\$ -	\$ 5,592,821	\$ 3,591,746
Interest on taxes	-	3,056	99,985	425,603	528,644	-
Sales	-	-	-	86,604	86,604	-
Administrative fees/penalties	-	255	122,915	102,689	225,859	-
Other revenues	-	6,712	646	22,703	30,061	315
Total operating revenues	5,592,821	10,023	223,546	637,599	6,463,989	3,592,061
Operating expenses						
Personal services and benefits	4,349,150	150	94	21,271	4,370,665	1,474,415
Operating supplies	712,244	-	2,028	75,477	789,749	-
Contractual services	328,960	120	6,108	20,278	355,466	184,808
Insurance and claims	-	-	-	-	-	1,208,619
Depreciation	142,072	-	-	-	142,072	-
Tax tribunal refunds	-	288	3,380	3,576	7,244	-
Other expenses	134,321	(3)	-	-	134,318	-
Total operating expenses	5,666,747	555	11,610	120,602	5,799,514	2,867,842
Operating income (loss)	(73,926)	9,468	211,936	516,997	664,475	724,219
Nonoperating revenues (expenses)						
Interest on investments	-	27,247	5,018	13,719	45,984	8,165
Interest expense	-	-	(5,700)	(1,379)	(7,079)	-
Unrealized gain on investment	-	-	-	-	-	124,814
Intergovernmental transfers in	6,790,817	-	-	-	6,790,817	-
Intergovernmental transfers out	(6,591,893)	-	-	-	(6,591,893)	-
Total nonoperating revenues	198,924	27,247	(682)	12,340	237,829	132,979
Income before transfers	124,998	36,715	211,254	529,337	902,304	857,198
Transfers in	128,205	1,440,327	-	-	1,568,532	-
Transfers out	(1,516,328)	(750,000)	-	(1,440,327)	(3,706,655)	-
Change in net assets	(1,263,125)	727,042	211,254	(910,990)	(1,235,819)	857,198
Net assets, October 1	4,339,244	5,499,394	(296)	2,169,039	12,007,381	3,328,957
Net assets, September 30	\$ 3,076,119	\$ 6,226,436	\$ 210,958	\$ 1,258,049	\$ 10,771,562	\$ 4,186,155

The accompanying notes are an integral part of these financial statements.

EATON COUNTY, MICHIGAN
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2004

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Medical Care Facility	Delinquent Tax Revolving	2003 Delinquent Tax Revolving	Other Enterprise Funds	Total	
Cash flows from operating activities						
Cash received from customers	\$ 5,567,492	\$ 3,034	\$ (1,798,956)	\$ 3,211,924	\$ 6,983,494	\$ -
Cash received from interfund services	-	-	-	-	-	3,563,226
Cash paid to/for employees	(4,304,490)	-	-	(21,135)	(4,325,625)	(2,205,198)
Cash paid to suppliers	(1,152,155)	(146)	(8,483)	(92,053)	(1,252,837)	(762,424)
Net cash provided (used) by operating activities	110,847	2,888	(1,807,439)	3,098,736	1,405,032	595,604
Cash flows from noncapital financing activities						
Transfer in	128,205	1,440,327	-	-	1,568,532	-
Transfer out	(554,135)	(250,000)	-	(1,440,327)	(2,244,462)	-
Advances from/to other funds	-	200,000	2,300,000	(2,500,000)	-	-
Tax notes issued	-	-	-	1,500,000	1,500,000	-
Tax notes redeemed	-	-	-	(2,000,000)	(2,000,000)	-
Interest paid on tax notes / advances	-	-	(5,700)	(1,379)	(7,079)	-
Intergovernmental transfers in	6,790,817	-	-	-	6,790,817	-
Intergovernmental transfers out	(6,591,893)	-	-	-	(6,591,893)	-
Increase in restricted liabilities	6,486	-	-	-	6,486	-
Net cash provided (used) by noncapital financing activities	(220,520)	1,390,327	2,294,300	(4,441,706)	(977,599)	-
Cash flows from capital and related financing activities						
Capital acquisitions	(141,048)	-	-	-	(141,048)	-
Cash flows from investing activities						
Purchase / maturity of investments	-	-	-	-	-	(700,000)
Interest revenue	-	27,247	5,018	13,719	45,984	8,165
Net cash provided (used) by investing activities	-	27,247	5,018	13,719	45,984	(691,835)
Net increase (decrease) in cash and cash equivalents	(250,721)	1,420,462	491,879	(1,329,251)	332,369	(96,231)
Cash and cash equivalents, October 1	3,220,584	2,994,666	-	2,253,625	8,468,875	1,183,825
Cash and cash equivalents, September 30	\$ 2,969,863	\$ 4,415,128	\$ 491,879	\$ 924,374	\$ 8,801,244	\$ 1,087,594

Continued...

EATON COUNTY, MICHIGAN
Statement of Cash Flows (Concluded)
Proprietary Funds
For the Year Ended September 30, 2004

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Medical Care Facility	Delinquent Tax Revolving	2003 Delinquent Tax Revolving	Other Enterprise Funds	Total	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities						
Operating income (loss)	\$ (73,926)	\$ 9,468	\$ 211,936	\$ 516,997	\$ 664,475	\$ 724,219
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	142,072	-	-	-	142,072	-
Change in assets and liabilities:						
Taxes receivable	-	(6,989)	(2,022,502)	2,576,203	546,712	-
Accounts receivable	(25,329)	-	-	1,698	(23,631)	-
Inventories	(13,048)	-	-	1,941	(11,107)	-
Prepayments	15,106	-	-	-	15,106	(2,322)
Due from other funds	-	-	-	-	-	(28,835)
Accounts payable	58,946	409	3,423	1,761	64,539	126,136
Accrued liabilities	44,660	-	-	116	44,776	(223,594)
Due to other funds	-	-	(296)	20	(276)	-
Due to other governments	(37,634)	-	-	-	(37,634)	-
Net cash provided (used) by operating activities	\$ 110,847	\$ 2,888	\$ (1,807,439)	\$ 3,098,736	\$ 1,405,032	\$ 595,604

The accompanying notes are an integral part of these financial statements.

EATON COUNTY, MICHIGAN
Statement of Fiduciary Assets and Liabilities
Agency Funds
September 30, 2004

Assets

Cash and cash equivalents	\$ 10,223,996
Investments	<u>20,460</u>

Total assets	<u><u>\$ 10,244,456</u></u>
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Liabilities

Accounts payable	\$ 9,258,711
Due to individuals/agencies	675,135
Due to other governmental units	<u>310,610</u>

Total liabilities	<u><u>\$ 10,244,456</u></u>
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The accompanying notes are an integral part of these financial statements.

EATON COUNTY, MICHIGAN
Combining Statement of Net Assets
Discretely Presented Component Units
September 30, 2004

	Board of Public Works	Drainage Districts	District Health	Road Commission	Total
Assets					
Cash and cash equivalents	\$ -	\$ 12,613,378	\$ 999,378	\$ 2,153,622	\$ 15,766,378
Restricted cash	-	-	-	10,392	10,392
Receivables:					
Special assessments	-	8,466,606	-		8,466,606
Accounts, net	-	-	422,739	213,969	636,708
Other	-	138	-	-	138
Due from other governmental units:					
Federal/State	-	-	-	1,386,590	1,386,590
Local	-	-	-	248,036	248,036
Due from other funds	-	93,525	-	-	93,525
Inventories	-	-	-	332,614	332,614
Prepays	47,366	-	70,048	383,953	501,367
Leases receivable	7,570,637	-	-	-	7,570,637
Capital assets not being depreciated	-	5,711,780	-	14,429,741	20,141,521
Capital assets being depreciated, net	-	31,076,920	185,267	63,080,570	94,342,757
Total assets	7,618,003	57,962,347	1,677,432	82,239,487	149,497,269
Liabilities					
Accounts payable	-	524,738	224,366	217,923	967,027
Accrued liabilities	-	-	159,200	89,281	248,481
Interest payable	130,637	421,966		40,448	593,051
Due to other funds	-	93,525	-	-	93,525
Contract retainage payable	-	-	-	335,387	335,387
Deferred revenue	47,366	8,444,924	1,746	173,872	8,667,908
Advances from primary government	-	120,000	-	-	120,000
Short-term notes payable	-	220,000	-	-	220,000
Long-term debt:					
Due within one year	765,000	2,321,817	38,146	435,000	3,559,963
Due in more than one year	6,675,000	27,039,167	343,318	6,758,053	40,815,538
Total liabilities	7,618,003	39,186,137	766,776	8,049,964	55,620,880
Net assets					
Invested in capital assets, net of related debt	-	7,427,716	185,267	70,630,311	78,243,294
Restricted for debt service	-	3,415,250	-	-	3,415,250
Restricted for highway projects	-	-	-	1,399,180	1,399,180
Unrestricted	-	7,933,244	725,389	2,160,032	10,818,665
Total net assets	\$ -	\$ 18,776,210	\$ 910,656	\$ 74,189,523	\$ 93,876,389

The accompanying notes are an integral part of these financial statements.

EATON COUNTY, MICHIGAN
Combining Statement of Activities
Discretely Presented Component Units
For the Year Ended September 30, 2004

	Board of Public Works	Drainage Districts	District Health	Road Commission	Total
Expenses					
Public works	\$ 376,796	\$ 3,262,462	\$ -	\$ -	\$ 3,639,258
Health and social services	-	-	6,105,244	-	6,105,244
Highways and streets	-	-	-	10,713,089	10,713,089
	<u>376,796</u>	<u>3,262,462</u>	<u>6,105,244</u>	<u>10,713,089</u>	<u>20,457,591</u>
Program revenues					
Charges for services	-	1,004,137	2,147,688	94,346	3,246,171
Operating grants and contributions	376,796	314,791	4,184,401	11,015,604	15,891,592
Capital grants and contributions	-	1,991,607	-	-	1,991,607
	<u>376,796</u>	<u>3,310,535</u>	<u>6,332,089</u>	<u>11,109,950</u>	<u>21,129,370</u>
Net program revenue	-	48,073	226,845	396,861	671,779
General revenues					
Unrestricted investment earnings	-	101,029	-	33,622	134,651
Change in net assets	-	149,102	226,845	430,483	806,430
Net assets, October 1, as restated	-	18,627,108	683,811	73,759,040	93,069,959
Net assets, September 30	<u>\$ -</u>	<u>\$ 18,776,210</u>	<u>\$ 910,656</u>	<u>\$ 74,189,523</u>	<u>\$ 93,876,389</u>

The accompanying notes are an integral part of these financial statements.

NOTES to the FINANCIAL STATEMENTS

EATON COUNTY, MICHIGAN

Notes to Financial Statements

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EATON COUNTY, MICHIGAN

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Eaton County, Michigan (the “County” or “government”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing U.S. governmental accounting and financial reporting principles. The more significant of the County’s accounting policies are described below.

1. *Reporting Entity*

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government’s operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the government.

Blended Component Units

Eaton County Family Independence Agency – is governed by a three-member board, which consists of two members appointed by the County Board of Commissioners and one State-appointed member. The Board is responsible for establishing policies and overseeing the local administration of the Family Independence Agency and the State of Michigan Social Welfare program. State law requires local activities to be blended with the local primary government even though the employees of the Eaton County Family Independence Agency are employees of the State of Michigan and substantially all of the programs are financed through the State. In accordance with State law, the Family Independence Agency has been included as a Special Revenue Fund.

Eaton County Medical Care Facility – provides skilled long-term care to residents of the County and is not considered legally separate from the County; therefore, it has been included in the County’s financial statements as an Enterprise Fund.

Eaton County Building Authority – is governed by a three-member Board appointed by the County Board of Commissioners. Although it is legally separate from the County, the Eaton County Building Authority is reported as if it were part of the primary government because its sole purpose is to finance and construct the County’s public buildings.

Discretely Presented Component Units

Eaton County Road Commission – is governed by a three-member Board of Road Commissioners that is appointed by the County Board of Commissioners. The Road Commission maintains local, state and federal trunklines in Eaton County with financing primarily from the distribution of gas and weight taxes, federal financial assistance, and contributions from other local governments. The County must authorize all long-term debt issuances of the Road Commission, excluding capital lease purchase agreements. Complete financial statements for the Road Commission may be obtained by contacting the Eaton County Road Commission at 1112 Reynolds Road, Charlotte, Michigan 48813.

Eaton County Board of Public Works (BPW) – is governed by a seven-member Board that consists of six County Board of Commissioners appointees and the Eaton County Drain Commissioner. The BPW Board oversees the operations of the BPW, while establishing policy and administering various public works construction projects and debt service funds under Act 185 of the Public Acts of 1957. The BPW is financially accountable to the County because all general obligation debt issuances require County authorization and are backed by the full faith and credit of the County. The BPW does not issue separate financial statements.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Eaton County Drainage Districts – are governed by the Eaton County Drain Commissioner, who is responsible for planning, developing and maintaining surface water drainage systems, while maintaining a file for the financing, construction and maintenance of each County drain. The Drain Commissioner has authority to spend up to \$2,500 per mile on drain maintenance and borrow up to \$150,000 from any source to provide for drain maintenance without Board of Commissioners' approval and without going through the Michigan Municipal Finance Division. The Drain Commissioner has authority to levy special assessments on properties benefiting from maintenance. The Drainage Districts are financially accountable to the County because bond issuances greater than \$150,000 require County authorization and are backed by the full faith and credit of the County. Separate financial statements are not issued for the Drainage Districts.

Joint Venture

A joint venture is a legal entity or other organization that results from a contractual arrangement, or interlocal agreement, which is owned, operated or governed by two or more participants. The entity is subject to joint control with financial interest and responsibility by its participants.

Barry/Eaton County District Health Department (DHD) – is a joint venture between Barry and Eaton counties. The DHD was established to provide public health services with a current funding formula of 65 and 35 percent from Eaton and Barry counties, respectively. Due to the treasury function resting with the Eaton County Treasurer, the DHD is presented as a discretely presented component unit of Eaton County. The DHD does not issue separate financial statements.

Related Organization

A related organization is a legal entity for which the government appoints a voting majority of governing body, but for which it is not financially accountable.

Eaton County Transportation Authority – is governed by a three-member board comprised of one Board of Commissioner member and two at-large appointees made by the Board. The Transportation Authority is a legally separate entity established to provide public transportation services to citizens within the County. The County levies and collects a millage for the Transportation Authority, but it does not hold title to the Authority's assets, nor does it have rights or obligations to surpluses or deficits of the Transportation Authority. Accordingly, it is not reported as a component unit of the County.

Jointly Governed Organizations

A jointly governed organization is a regional government or other multi-governmental arrangement that is governed by representatives that create the organization, but that is not a joint venture because the participants do not retain an ongoing financial interest or responsibility.

Tri-County Community Mental Health Board – is governed by a 12-member board appointed by the Boards of Commissioners of Ingham, Eaton and Clinton counties for which it services. Operating revenues are derived from fees for services and from federal, state and local sources; Eaton County appropriated \$342,437 to the Tri-County Community Mental Health Board for the year ended September 30, 2004.

Tri-County Regional Planning Commission – is governed by the political jurisdictions it serves including the cities of Lansing and East Lansing; Delta and Meridian townships; the Michigan Department of Transportation; and the counties, road commissions and transit authorities of Ingham, Eaton and Clinton counties. The Planning Commission adopts a proposed budget during February and submits the budget, thereby requesting a contribution from each governmental unit. Eaton County contributed \$62,120 for fiscal 2004.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Tri-County Office on Aging – is governed by a 13-member board appointed by the Board of Commissioners from the three counties it services – Ingham, Eaton and Clinton. The Office on Aging provides services to older residents of the three counties and receives its operating revenues from fees for services and from federal, state and local sources, of which Eaton County appropriated \$57,370 for the year ended September 30, 2004.

Mid-South Substance Abuse Commission – is governed by 19 members from nine counties, of which Eaton County appoints two members. The County's financial responsibility is to pass through to the Commission a portion of the convention and tourism revenues it receives and, if needed, such additional funds based on the ratio of board membership. The County contributed \$171,015 for the year ended September 30, 2004.

Lansing Tri-County Employment and Training Consortium – is governed by a 12-member board, of which the County appoints two members. The County has no financial responsibility other than potential liability from appropriated use of funds as the Consortium's revenue is derived from federal and state grants.

2. *Government-wide and Fund Financial Statements*

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

3. *Measurement Focus, Basis of Accounting and Financial Statement Presentation*

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. Therefore, agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period or within one year for reimbursement-based grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Property taxes, state shared revenues, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The County reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *jail millage fund* accounts for the voter-approved millage to operate and service the debt of the county jail.

The *central dispatch fund* accounts for the operations of the countywide 911 dispatch center and the millage approved by county voters for the operation of the facility.

The *child care fund* accounts for the administration of the County's foster care system, including the administration of in-home/out-of-home placements of delinquent and foster care youth, financed through State reimbursements and general fund appropriations.

The *building authority medical care facility capital projects fund* accounts for the proceeds of general obligation bonds issued to provide financing for the construction and renovation of the Eaton County Medical Care Facility.

The County reports the following major proprietary funds:

The *medical care facility fund* accounts for the operation of the County's long-term adult care facility.

The *delinquent tax revolving funds* account for the annual purchase of delinquent real property taxes from each of the local taxing units within the county, and the ultimate collection from the property owners of the delinquent taxes with penalty and interest.

Additionally, the County reports the following fund types:

Special revenue funds account for revenue sources that are legally restricted to expenditure for specific purposes (not including expendable trusts or major capital projects).

Debt service funds account for the servicing of general long-term debt not being financed by proprietary or nonexpendable trust funds.

Permanent funds account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs.

Enterprise funds account for those operations that are financed and operated in a manner similar to private business or where the County has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Internal service funds account for operations that provide self-insurance services (i.e., general liability, workers' compensation, life and disability, unemployment, and retirees' health insurance) to other departments or agencies of the County, or to other governments, on a cost-reimbursement basis.

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the government holds for others in an agency capacity.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the government's internal service fund are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first and then unrestricted resources as they are needed.

4. *Assets, Liabilities and Equity*

Deposits and Investment – The County pools cash resources of various funds in order to facilitate the management of cash; however, cash applicable to a particular fund is readily identifiable. Sufficient cash is retained in the pooled cash accounts to meet current operating requirements and excess cash is invested in various interest bearing securities and disclosed as part of the County's investments. Cash equivalents consist of temporary investments in certificates of deposit, with maturities from date of purchase of 90 days or less, investment trust funds, and mutual funds. The investment trust funds have the general characteristics of demand deposit accounts.

Investments are stated at fair value and consist of commercial paper and certificates of deposit with original maturities of greater than 90 days.

State statutes authorizes the County to deposit in the accounts of federally insured banks, credit unions and savings and loan associations and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments.

Receivables and Payables – Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as "interfund receivables/payable". Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Receivables consist of accounts receivable related to charges for services and amounts due from governmental units for various financial assistance programs and State shared revenues. The County has established allowances for doubtful accounts to estimate uncollectible accounts receivable in the child care, medical care facility and district health department funds. The County utilizes the direct write-off method for all other funds as past experience indicates the write-off of accounts receivable for these funds are immaterial and do not warrant the use of allowance accounts.

Inventories – The cost of inventory items in the primary government for all funds is recorded as an expenditure at the time of purchase. Inventories of the medical care facility and Sheriff's commissary funds consist of medical supplies and miscellaneous hygiene and consumer products, respectively, which are stated at the lower of first-in, first-out (FIFO) or market.

The cost of inventory items in the Road Commission is recorded as an expenditure when they are used (i.e., consumption method). Inventories of the Road Commission consist of road materials and equipment parts, which are stated at the lower of average cost or market.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Prepays – Certain payments to vendors (particularly for insurance coverage) reflect costs that are applicable to a future period and are recorded as prepaid items.

Capital Assets – Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, drains and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual costs of \$5,000 or more (\$200,000 for infrastructure) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year.

Capital assets of the primary government and Drainage Districts component unit are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	5-40 years
Equipment	3-10 years
Vehicles	2-5 years
Infrastructure - drains	40 years

Capital assets of the Road Commission component unit are depreciated as follows:

Buildings	Straight-line	40 years
Equipment	Sum-of-years-digits	5-8 years
Roads	Straight-line	5-30 years
Bridges	Straight-line	15-50 years
Other infrastructure	Straight-line	8-20 years

Compensated Absences – Eligible employees are permitted to accumulate earned but unused vacation benefits in varying amounts based on length of service and certain other established criteria. Amounts not expected to be liquidated with expendable available financial resources are accrued when incurred in the government-wide and proprietary fund financial statements. A liability is reported in governmental funds only if these amounts have matured, for example, as a result of employee resignations or retirements.

Long-term Obligations – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

B. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

1. *Budgetary Information*

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. All annual appropriations lapse at year-end. The legal level of budgetary control is at the activity level for the general fund and the functional level for the special revenue funds; for control purposes, all budgets are maintained at the activity and account level. Budgetary transfers between funds, amendments to total fund, department or activity budgets, or increases to salary or capital outlay accounts in excess of \$2,500 require Board approval. The Board made several supplemental budgetary appropriations throughout the year that were not considered material.

Prior to May 1 of each year, the County departments working in conjunction with the Controllers Office prepare and submit their proposed budgets, including expenditures and estimated revenues, for the fiscal year commencing the following October 1. Following a public hearing to obtain taxpayer comments, the budgets are legally enacted prior to September 30 through passage of a budget resolution.

2. *Excess of Expenditures over Appropriations*

State statutes provide that a local unit shall not incur expenditures in excess of the amount appropriated. During the year ended September 30, 2004, the County incurred expenditures in excess of the amounts appropriated as follows:

	Amended		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General fund			
Judicial - juvenile court	\$ 868,485	\$868,497	\$ (12)
Public safety - emergency services	113,765	121,769	(8,004)
Health and social services – veterans	71,548	75,554	(4,006)
Nonmajor special revenue funds			
Landfill - health and social services	26,000	26,151	(151)
CDBG housing grant - health and social services	358,400	397,567	(39,167)
Public improvement - transfers out	-	52,119	(52,119)
Remonumentation grant - general government	126,000	140,335	(14,335)
Vertical drug prosecution - public safety	91,589	93,713	(2,124)
STOP grant - public safety	77,399	77,641	(242)
Domestic preparedness - public safety	20,316	27,211	(6,895)
Community prosecution - public safety	177,471	190,039	(12,568)
Historical commission - parks, recreation and culture	10,934	10,998	(64)

3. *Deficit Fund Equity*

The family independence agency and veterans trust special revenue funds reported deficit fund balances of \$6,410 and \$598, respectively, as of September 30, 2004. Also, the liability and dental self-insurance internal service funds reported deficit net assets of \$71,288 and \$17,315, respectively, at year-end.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

C. DEPOSITS AND INVESTMENTS

Summary of Deposit and Investment Balances. Following is a reconciliation of deposit and investment balances as of September 30, 2004:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Total</u>
Financial Statements:			
Statement of Net Assets:			
Cash and cash equivalents	\$ 13,217,133	\$ 15,766,378	\$ 28,983,511
Restricted cash	15,299	10,392	25,691
Investments	3,633,125	-	3,633,125
Statement of Fiduciary Assets and Liabilities:			
Cash and cash equivalents	10,223,996	-	10,223,996
Investments	<u>20,460</u>	<u>-</u>	<u>20,460</u>
Total	<u>\$ 27,110,013</u>	<u>\$ 15,776,770</u>	<u>\$ 42,886,783</u>
Deposits and Investments:			
Bank deposits (checking accounts, savings accounts and CDs)			\$ 2,920,135
Investments in securities, mutual funds and similar vehicles			39,960,308
Cash on hand			<u>6,340</u>
Total			<u>\$ 42,886,783</u>

Deposits. At year-end, the carrying amount of deposits was \$2,920,135. The bank balance was \$1,637,024. Of the bank balance, \$337,741 was covered by federal depository insurance. The remaining balance of \$1,299,283 was uninsured and uncollateralized.

The County believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the County evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Investments. Investments can generally be classified into the following three categories of credit risk: (1) insured or registered, or securities held by the government or its agent in the government's name; (2) uninsured and unregistered, with securities held by the counterparty's trust department or agent in the government's name; or (3) uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the government's name. As of September 30, 2004, the County's investments were entirely held in governmental cash management funds, which are uncategorized as to credit risk.

D. RECEIVABLES

Receivables as of September 30, 2004 are summarized as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Component Units</u>
Property taxes	\$ 308,035	\$ -	\$ -
Delinquent property taxes	-	2,367,528	-
Accounts receivable	233,132	641,028	663,417
Less allowance for doubtful accounts	-	(64,007)	(26,709)
Special assessments	93,039	-	8,466,606
Interest	-	-	138
Due from other governments	<u>1,790,750</u>	<u>-</u>	<u>1,634,626</u>
Total	<u>\$ 2,424,956</u>	<u>\$ 2,944,549</u>	<u>\$ 10,738,078</u>

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Leases receivable in the Public Works component unit represents amounts receivable from other local governments for the water and sewer systems constructed for them using bonds issued by the County. The receivable is equal to the outstanding bond principal plus accrued interest as of September 30, 2004. The current portion of the receivable is equal to the current portion of the related debt plus accrued interest.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not earned. At the end of the current fiscal year, the various components of deferred and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable (general fund)	\$ -	\$ 226,995
Property taxes receivable (other governmental funds)	-	81,040
Grant drawdowns prior to meeting all eligibility requirements	-	66,540
	<u>\$ -</u>	<u>\$ 374,575</u>

E. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund receivables and payables at September 30, 2004 is as follows:

	<u>Receivable</u>	<u>Payable</u>
Due from (to) other funds		
General fund	\$ 500,000	\$ 70,879
Jail millage fund	-	3,923
Central dispatch fund	-	6,480
Child care fund	-	4,626
Building authority medical care facility fund	961,943	-
Nonmajor governmental funds	250	6,339
Internal service funds	92,304	-
Medical care facility fund	-	962,193
Delinquent tax revolving fund	-	500,000
Nonmajor enterprise funds	-	57
	<u>\$ 1,554,497</u>	<u>\$ 1,554,497</u>
Interfund receivable (payable)		
Jail millage fund	\$ 381,807	\$ -
Child care fund	-	253,305
Nonmajor governmental funds	-	128,502
	<u>\$ 381,807</u>	<u>\$ 381,807</u>

EATON COUNTY, MICHIGAN

Notes to Financial Statements

The due from (to) other funds resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Amounts reported as interfund payables are funds with negative cash pool balances, which is equal to interfund receivable reported in the general fund. Certain amounts reported as internal balances between the governmental and business-type activities in the statement of net assets relate to the elimination of the internal service funds.

For the year ended September 30, 2004, interfund transfers consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 936,595	\$ 2,867,221
Jail millage fund	-	1,956,779
Central dispatch fund	-	364,645
Child care fund	1,685,468	-
Building authority medical care facility fund	961,943	-
Nonmajor governmental funds	3,957,868	215,106
Medical care facility fund	128,205	1,516,328
Delinquent tax revolving fund	1,440,327	750,000
Nonmajor enterprise funds	-	1,440,327
	<u>\$ 9,110,406</u>	<u>\$ 9,110,406</u>

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

F. CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2004 was as follows:

	Balance October 1, 2003	Additions	Disposals	Balance September 30, 2004
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 102,628	\$ -	\$ -	\$ 102,628
Construction in progress	2,621,723	6,457,234	-	9,078,957
Total capital assets not being depreciated	2,724,351	6,457,234	-	9,181,585
Capital assets, being depreciated:				
Building and improvements	26,216,010	836,300	-	27,052,310
Vehicles and equipment	8,409,372	419,498	(116,362)	8,712,508
Total capital assets being depreciated	34,625,382	1,255,798	(116,362)	35,764,818
Less accumulated depreciation for:				
Buildings	(9,713,249)	(690,692)		(10,403,941)
Equipment	(6,244,690)	(698,677)	116,362	(6,827,005)
Total accumulated depreciation	(15,957,939)	(1,389,369)	116,362	(17,230,946)
Total capital assets being depreciated, net	18,667,443	(133,571)	-	18,533,872
Capital assets, net	\$ 21,391,794	\$ 6,323,663	\$ -	\$ 27,715,457
Business-type activities				
Capital assets, being depreciated:				
Building and improvements	\$ 1,946,076	\$ 27,305	\$ -	\$ 1,973,381
Vehicles and equipment	1,234,362	113,743	-	1,348,105
Total capital assets being depreciated	3,180,438	141,048	-	3,321,486
Less accumulated depreciation for:				
Building and improvements	(1,567,013)	(56,000)	-	(1,623,013)
Vehicles and equipment	(787,883)	(86,072)	-	(873,955)
Total accumulated depreciation	(2,354,896)	(142,072)	-	(2,496,968)
Capital assets, net	\$ 825,542	\$ (1,024)	\$ -	\$ 824,518

Depreciation expense in governmental activities is not allocated by function. Also, certain reclassifications of beginning balances were made between the above capital assets categories.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

	Balance October 1, 2003	Additions	Disposals	Balance September 30, 2004
Component Unit- Drainage District				
Capital assets, not being depreciated -				
Construction in progress	\$ 4,483,961	\$ 3,764,414	\$ (2,536,595)	\$ 5,711,780
Capital assets, being depreciated - infrastructure	35,249,847	3,690,287	-	38,940,134
Less accumulated depreciation - infrastructure	(6,975,311)	(887,903)	-	(7,863,214)
Total capital assets being depreciated, net	28,274,536	2,802,384	-	31,076,920
Capital assets, net	\$ 32,758,497	\$ 6,566,798	\$ (2,536,595)	\$ 36,788,700
Component Unit - District Health				
Capital assets, being depreciated - equipment	\$ 893,480	\$ -	\$ -	\$ 893,480
Less accumulated depreciation - equipment	(708,213)	-	-	(708,213)
Capital assets, net	\$ 185,267	\$ -	\$ -	\$ 185,267
Component Unit - Road Commission				
Capital assets, not being depreciated:				
Land	\$ 243,002	\$ -	\$ -	\$ 243,002
Land improvements	12,001,500	1,426,298	-	13,427,798
Right of ways	668,941	90,000	-	758,941
Total capital assets not being depreciated	12,913,443	1,516,298	-	14,429,741
Capital assets, being depreciated:				
Buildings and improvements	3,590,656	2,982,255	-	6,572,911
Equipment	5,944,277	423,638	(39,884)	6,328,031
Infrastructure	91,033,353	7,578,910	(3,905,049)	94,707,214
Depletable assets	104,409	-	-	104,409
Total capital assets being depreciated	100,672,695	10,984,803	(3,944,933)	107,712,565
Less accumulated depreciation for:				
Buildings and improvements	(1,507,072)	(141,256)	-	(1,648,328)
Equipment	(4,906,287)	(472,831)	39,465	(5,339,653)
Infrastructure	(36,314,405)	(5,175,481)	3,905,049	(37,584,837)
Depletable assets	(59,177)	-	-	(59,177)
Total accumulated depreciation	(42,786,941)	(5,789,568)	3,944,514	(44,631,995)
Total capital assets being depreciated, net	57,885,754	5,195,235	(419)	63,080,570
Capital assets, net	\$ 70,799,197	\$ 6,711,533	\$ (419)	\$ 77,510,311

EATON COUNTY, MICHIGAN

Notes to Financial Statements

G. PAYABLES

Accounts payable and accrued liabilities as of September 30, 2004 are summarized as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Component Units</u>
Accounts payable	\$ 2,014,822	\$ 112,292	\$ 967,027
Accrued liabilities	996,464	163,351	248,481
Due to other governments	199,621	-	-
Retainage payable	-	-	335,387
Payable from restricted assets	-	14,848	-
Short-term notes payable	-	-	220,000
Advances from primary government	-	-	120,000
Total	<u>\$ 3,210,907</u>	<u>\$ 290,491</u>	<u>\$ 1,890,895</u>

H. LONG-TERM DEBT

General obligation bonds. The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. No general obligation bonds were issued during the current year.

General obligation bonds are direct obligations and pledge the full faith and credit of the County. These bonds are typically issued as 10-20 year serial bonds with varying amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding</u>
Governmental activities				
1999 Jail Refunding	4.00 – 4.75%	2006	\$ 8,205,000	\$ 5,540,000
1992 County Office Building	5.30 – 6.35	2012	525,000	280,000
1992 County Office Building (taxable)	6.50 – 8.00	2012	575,000	335,000
1993 Health Clinic Building	4.15 – 5.50	2013	600,000	350,000
1995 Info Systems/Central Dispatch	4.55 – 5.00	2005	1,050,000	35,000
2002 Medical Care Facility	2.00 – 4.75	2022	8,100,000	7,620,000
				<u>\$ 14,160,000</u>
Component unit – Public Works				
Eaton Rapids Water	5.75 – 6.50%	2011	\$ 1,475,000	\$ 750,000
Grand Ledge Water	5.10 – 7.00	2016	1,940,000	1,660,000
Charlotte Water/Sewer	4.38 – 6.38	2011	2,295,000	1,330,000
Dimondale/Windsor Sewer Refunding	2.75 – 5.00	2015	4,115,000	3,700,000
				<u>\$ 7,440,000</u>
Component unit – Road Commission				
1998 Transportation	4.00 – 4.15%	2008	\$ 5,610,000	\$ 1,445,000
2003 Transportation	2.50 – 4.00	2018	5,500,000	5,435,000
				<u>\$ 6,880,000</u>

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending September 30,	Governmental Activities		Component Units	
	Principal	Interest	Principal	Interest
2005	\$ 2,035,000	\$ 582,543	\$ 1,200,000	\$ 599,851
2006	2,310,000	490,260	1,220,000	549,869
2007	2,330,000	386,443	1,255,000	498,944
2008	410,000	325,775	1,285,000	444,920
2009	440,000	309,603	1,305,000	388,923
2010-2014	2,345,000	1,244,313	5,455,000	1,169,921
2015-2019	2,475,000	756,278	2,600,000	236,150
2020-2022	1,815,000	172,310	-	-
	\$ 14,160,000	\$ 4,267,525	\$ 14,320,000	\$ 3,888,578

By statute, the government's legal debt limit is restricted to 10% of the equalized value of property in the County. At September 30, 2004, the County's legal debt limit was \$336,357,914.

Installment obligations. The government has entered into a long-term installment payment agreement for the upgrade of building climate control systems. The original amount of installment obligations issued during the current was \$836,000 for the primary government. Installment obligations outstanding at year-end amounted to \$800,638 with interest at 4.4 percent.

Annual debt service requirements to maturity for installment obligations are as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2005	\$ 69,769	\$ 34,469
2006	72,873	31,365
2007	76,114	28,124
2008	79,500	24,738
2009	83,037	21,201
2010-2014	419,345	47,256
	\$ 800,638	\$ 187,153

Drain bonds and notes. The Drain Commissioner is authorized under State statutes to issue special assessment bonds and drain notes for the construction or maintenance of drainage districts. Such bonds and notes are repaid from special assessments levied upon the benefiting property owners. At September 30, 2004, drain bonds and notes totaling \$29,360,984 were outstanding, including \$20,996,000 of new bonds and notes issued during the current year, the most significant of which was a drain note for the Carrier Creek district amounting to \$18.9 million that redeemed a prior note for this district in the amount of \$11,375,000. Drain bonds and notes carry interest at rates ranging from 1.96 percent to 8.0 percent.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Annual debt service requirements to maturity for drain bonds and notes are as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2005	\$ 2,321,817	\$ 939,670
2006	1,456,817	854,468
2007	20,282,350	797,282
2008	770,000	227,095
2009	746,000	195,006
2010-2014	3,274,000	500,763
2015-2019	510,000	42,766
	<u>\$29,360,984</u>	<u>\$ 3,557,050</u>

Advance refunding. In prior years, the government defeased certain bonds by placing the proceeds of new bond issues in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. At September 30, 2004, the \$4,250,000 of primary government and \$4,125,000 of component unit bonds outstanding are considered defeased.

Changes in long-term debt. Long-term debt activity for the year ended September 30, 2004 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Primary Government</u>					
Governmental activities					
General obligation bonds	\$ 16,110,000	\$ -	\$ (1,950,000)	\$ 14,160,000	\$ 2,035,000
Installment contracts	-	836,000	(35,362)	800,638	69,769
Compensated absences	1,496,645	1,706,816	(1,635,625)	1,567,836	117,741
	<u>\$ 17,606,645</u>	<u>\$ 2,542,816</u>	<u>\$ (3,620,987)</u>	<u>\$ 16,528,474</u>	<u>\$ 2,222,510</u>
Business-type activities					
Delinquent tax notes	\$ 500,000	\$ 1,500,000	\$ (2,000,000)	\$ -	\$ -
Compensated absences	88,095	30,543	(20,000)	98,638	20,000
	<u>\$ 588,095</u>	<u>\$ 1,530,543</u>	<u>\$ (2,020,000)</u>	<u>\$ 98,638</u>	<u>\$ 20,000</u>

For the governmental activities, compensated absences are generally liquidated by the general fund.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

<u>Component Units</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Board of Public Works					
General obligation bonds	\$ 16,330,000	\$ -	\$ (8,890,000)	\$ 7,440,000	\$ 765,000
Drainage Districts					
Drain bonds and notes	\$ 21,440,400	\$ 20,996,000	\$ (13,075,416)	\$ 29,360,984	\$ 2,321,817
District Health					
Compensated absences	\$ 349,508	\$ 31,956	\$ -	\$ 381,464	\$ 38,146
Road Commission					
Transportation bonds	\$ 7,265,000	\$ -	\$ (385,000)	\$ 6,880,000	\$ 435,000
Compensated absences	292,042	21,011	-	313,053	-
	<u>\$ 7,557,042</u>	<u>\$ 21,011</u>	<u>\$ (385,000)</u>	<u>\$ 7,193,053</u>	<u>\$ 435,000</u>

The above reduction of \$8,890,000 in the Department of Public Works general obligation bonds includes a refunding of the Delta Township water system bonds by the Township. Accordingly, the \$8,200,000 of general obligation debt for the County was extinguished by the Township's action.

I. RISK MANAGEMENT / SELF-INSURANCE PROGRAMS

The government manages its risk exposures and provides certain employee benefits through a combination of self-insurance programs, risk management pools and commercial insurance and excess coverage policies. All funds and component units of the County participate in these programs except for the Road Commission (*see below*) and Medical Care Facility (which carries commercial insurance for workers' compensation, general and automobile liability, motor vehicle physical damage and property damage). For risks that are commercially insured, settlements have not exceeded insurance coverage in any of the past three years. Following is a summary of the self-insurance programs and risk management pool participation.

Workers' compensation. The County maintains a self-insurance program for workers' compensation coverage, which is accounted for in the Workers' Compensation internal service fund. The program is administered by a third-party administrator who provides claims review and processing services. Premiums are paid into the internal service fund by all other funds based on payrolls and job classifications and are available to pay claims, claim reserves, excess coverage and administrative costs.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. An excess coverage insurance policy covers individual claims in excess of \$275,000 subject to an annual aggregate limit of \$5 million. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Changes in the balances of estimated liabilities during the past two years are as follows:

	<u>2004</u>	<u>2003</u>
Estimated liability, October 1	\$ 211,536	\$ 200,633
Estimated claims incurred, including change in IBNR provision	113,887	82,396
Claim payments	<u>(71,685)</u>	<u>(71,493)</u>
Estimated liability, September 30	<u>\$ 253,738</u>	<u>\$ 211,536</u>

Liability. The County participates in the Michigan Municipal Risk Management Authority (MMRMA) for general and automobile liability, motor vehicle physical damage and property damage coverages. The MMRMA provides risk management, underwriting, reinsurance and claim review and processing services for all member governments pursuant to its charter. Under most circumstances, the County's maximum loss retention per occurrence is \$75,000 for general and automobile liability, \$15,000 for motor vehicle physical damage, and \$10,000 for property coverage.

The government makes annual contributions to MMRMA based on actuarial studies using historical data and insurance industry statistics. These contributions are paid from an internal service fund (i.e., the Liability Insurance Fund) using premiums paid into it by other funds of the government. Such contributions as received by MMRMA are allocated between its general and member retention funds. Economic resources in MMRMA's general fund are expended for reinsurance coverage, claim payments and certain general and administrative costs, whereas resources in the member retention fund are used for loss payments and defense costs up to the members' self-insured retention limits along with certain other member-specific costs. Accordingly, the government records an asset for its portion of the unexpended member retention fund. At September 30, 2004, the balance of the County's member retention fund was \$75,989.

Changes in the balances of claims liabilities during the past two years, including provision for incurred but not reported (IBNR) claims, which are recorded in the Liability Insurance internal service fund, are as follows:

	<u>2004</u>	<u>2003</u>
Estimated liability, October 1	\$ 413,073	\$ 120,915
Estimated claims incurred, including change in IBNR provision	(23,911)	532,301
Claim payments	<u>(241,885)</u>	<u>(240,143)</u>
Estimated liability, September 30	<u>\$ 147,277</u>	<u>\$ 413,073</u>

Unemployment. The County is self-insured for unemployment benefits, as accounted for in the Unemployment internal service fund. The reserve for unemployment benefits is determined by management based on prior experience. Benefits are expensed when paid, as follows:

	<u>2004</u>	<u>2003</u>
Estimated liability, October 1	\$ -	\$ -
Estimated claims incurred, including change in IBNR provision	17,630	10,304
Claim payments	<u>(17,630)</u>	<u>(10,304)</u>
Estimated liability, September 30	<u>\$ -</u>	<u>\$ -</u>

Life and disability insurance. The County maintains a self-insured program for life and disability coverage. The program is accounted for in the Life and Disability internal service fund and administered by a third-party administrator who provides claims review and processing services. Premiums for the self-insured program are paid into the internal service fund by all other funds based on actual or illustrated rates. These premiums are available to pay claims and administrative costs.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

Changes in the balances of estimated liabilities during the past two years are as follows:

	<u>2004</u>	<u>2003</u>
Estimated liability, October 1	\$ 1,190	\$ 990
Estimated claims incurred, including change in IBNR provision	67,712	80,660
Claim payments	<u>(65,986)</u>	<u>(80,460)</u>
Estimated liability, September 30	<u>\$ 2,916</u>	<u>\$ 1,190</u>

Dental insurance. During the year, the County established a self-insured program for dental coverage. The plan is accounted for in the Dental Insurance internal service fund. The program is administered by a third-party administrator who provides claims review and processing services. Premiums for the self-insured program are paid into the internal service fund by all other funds based on actual or illustrated rates. These premiums are available to pay claims and administrative costs.

Changes in the balances of claims liabilities during the past two years are as follows:

	<u>2004</u>	<u>2003</u>
Estimated liability, October 1	\$ -	\$ -
Estimated claims incurred, including change in IBNR provision	128,705	-
Claim payments	<u>(114,129)</u>	<u>-</u>
Estimated liability, September 30	<u>\$ 14,576</u>	<u>\$ -</u>

Road Commission. The Road Commission is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees. The Road Commission has purchased commercial insurance for medical benefit claims and participates in the Michigan County Road Commission self-insurance pool for workers' compensation and property liability. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan County Road Commission self-insurance pool program operates as a common risk-sharing management program for local units government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

J. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and potential adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the government's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the government.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

K. PROPERTY TAXES

Property taxes are levied on December 1 of each year, which is the lien date, and are due in full on March 1 of the year following the levy, at which time uncollected taxes become delinquent. Property taxes are levied on the assessed taxable value of the property as established by local units, accepted by the County and equalized under State statute at approximately 50% of the current estimated market value.

The assessed and taxable value of real and personal property for the 2003 levy, for which revenue was recognized in fiscal 2004, was \$2,724,098,997. The general operating tax rate for this levy was 5.2591 mills with an additional .9560 mills and .9235 mills assessed for jail debt and emergency services, respectively.

Delinquent taxes receivable represent unpaid personal property taxes in the General and Special Revenue funds and unpaid real property taxes in the Delinquent Tax Revolving funds. By agreement with the various taxing authorities, the County purchases at face value the real property taxes returned delinquent each March 1 and records a corresponding delinquent taxes receivable. These receivables are pledged to a bank for the payment of the notes payable and subsequent collection on the receivable.

L. POSTEMPLOYMENT HEALTH CARE BENEFITS

The County provides certain health care benefits for employees who retired during or after 1990. Substantially all employees are eligible for benefits if they reach the age of 55 with at least 25 years of credited service while working for the County, retire due to duty disability as determined by MERS, or meet other criteria as discussed in the personnel manual. The County pays the entire cost of health insurance premiums for the retiree and a portion for his/her spouse as prescribed in the personnel manual. The activity for this program is accounted for in the Retirees Health Insurance internal service fund.

During the current fiscal year, 85 retirees received health care benefits under the program; the cost of those benefits amounted to \$498,281.

County contributions to finance this benefit program are currently on a pay-as-you-go basis with additional contributions intended to build the fund for purposes of paying future benefits. County contributions for the year ended September 30, 2004 were \$884,598. Although actuarial valuations of the program were completed as of December 31, 2003 and 1999, the County has determined that it will apply an annual employer contribution rate using the actuarial valuation as a reference, but not as a definitive requirement.

For informational purposes, the results of the actuarial valuations as of December 31, 2003 and 1999 were as follows:

	2003	1999
Actuarial accrued liability	\$ 24,935,636	\$ 8,701,585
Actuarial value of assets	2,918,738	1,772,212
Unfunded actuarial liability	\$ 22,016,898	\$ 6,929,373

The significant actuarial assumptions include the interest discount rate of 8% and demographic assumptions the same as the December 31, 2003 valuation of the County General Retirement Plan.

Road Commission. The Road Commission also provides postemployment health care benefits to eligible employees who retire from the Road Commission on or after attaining retirement age of 59½ with at least ten years of continuous service. Expenditures for such benefits are recognized on a pay-as-you-go basis. For the year ended September 30, 2004 these costs amounted to approximately \$227,034 with 33 eligible participants.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

M. DEFINED BENEFIT PENSION PLANS

The County (general), Medical Care Facility and District Health Department participate in the Michigan Municipal Employees Retirement System (MERS), an agent multiple-employer plan administered by the MERS Retirement Board. The Plans provide retirement and disability benefits, annual cost of living adjustments, and death benefits to eligible members and beneficiaries. The MERS Retirement Board establishes and amends plan benefit provisions as authorized under State statutes. The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to MERS, 447 N. Canal Road, Lansing, Michigan 48917, or by calling (800) 767-6377.

All full-time County, Medical Care Facility and District Health Department employees are covered by the Plans; Road Commission employees are not covered by either of these plans.

The employer is required to contribute at an actuarially determined rate; the current rate is 9.52% of annual covered payroll for the County, 4.60% for the Medical Care Facility, and 11.52% for the District Health Department. County general employees are required to contribute 1.0% to 22.8% of their annual covered payroll, depending on employee classification or applicable bargaining unit. Medical Care Facility and District Health Department employees are required to contribute 3.0% and 2.0% of their annual covered payroll, respectively. Employer contribution requirements are established and may be amended by the MERS Retirement Board. The contribution requirements of plan members are established and may be amended by the County, subject to collective bargaining agreements and depending on the MERS contribution program adopted by the County.

For the year ended September 30, 2004, the annual MERS pension cost of \$1,511,292 for the County, \$140,842 for the Medical Care Facility and \$388,733 for the District Health Department was equal to the required and actual contributions. The required contributions were determined as part of the December 31, 2001 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included: (a) a rate of return on the investment of present and future assets of 8.0%; (b) projected salary increase of 4.5% per year compounded annually, attributable to inflation; and (c) additional projected salary increases based on an age-related scale to reflect merit, longevity and promotional salary increases.

The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment to reflect fair value. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis over 30 years.

Three year funding progress and trend information

	Year Ended December 31,		
	2001	2002	2003
County General			
Actuarial value of assets	\$ 40,039,031	\$ 42,530,150	\$ 46,439,407
Actuarial accrued liability (AAL)	60,597,720	65,995,481	72,514,951
Unfunded AAL	20,558,689	23,465,331	26,075,544
Funded ratio	66%	64%	64%
Covered payroll	13,643,812	14,268,115	15,069,757
UAAL as a percentage of covered payroll	151%	164%	173%
Annual pension cost	1,482,012	1,701,240	1,885,320
Percentage of APC contributed	100%	100%	100%
Net pension obligation	-	-	-

EATON COUNTY, MICHIGAN

Notes to Financial Statements

	Year Ended December 31,		
	2001	2002	2003
Medical Care Facility			
Actuarial value of assets	\$ 3,528,770	\$ 3,561,859	\$ 3,772,085
Actuarial accrued liability (AAL)	3,841,431	4,051,324	4,327,253
Unfunded AAL	312,661	489,465	555,168
Funded ratio	92%	88%	87%
Covered payroll	2,166,184	2,401,935	2,584,833
UAAL as a percentage of covered payroll	14%	20%	21%
Annual pension cost	87,648	124,932	144,756
Percentage of APC contributed	100%	100%	100%
Net pension obligation	-	-	-
District Health Department			
Actuarial value of assets	\$ 6,283,371	\$ 6,642,799	\$ 7,395,795
Actuarial accrued liability (AAL)	7,852,379	8,510,020	9,557,936
Unfunded AAL	1,569,008	1,867,221	2,162,141
Funded ratio	80%	78%	77%
Covered payroll	3,030,212	3,135,815	3,316,165
UAAL as a percentage of covered payroll	52%	60%	65%
Annual pension cost	323,520	376,956	409,752
Percentage of APC contributed	100%	100%	100%
Net pension obligation	-	-	-

N. DEFINED CONTRIBUTION PENSION PLAN – ROAD COMMISSION

The Road Commission provides pension benefits for substantially all of its regular full-time employees through a defined contribution pension plan. The Road Commission is the plan administrator; however, the daily plan administration and operation is provided through the American Funds Group. The Road Commission contributes an amount equal to 12% of each employee's compensation during the plan year, after completion of one year of service. Members do not contribute any annual compensation to this plan. The Road Commission's contributions to the plan for the year ended September 30, 2004 were \$194,055.

EATON COUNTY, MICHIGAN

Notes to Financial Statements

O. RESTATEMENTS

The beginning fund balances or net assets were restated – i.e., increased or (decreased) – to correct for certain prior year revenue and expenditure/expense recognition errors, as follows:

Accrued compensated absences previously recognized as governmental fund liabilities:

General fund	\$ 94,818
Jail millage fund	3,002
Central dispatch fund	8,319
Child care fund	7,931
Nonmajor governmental funds	11,967
District health component unit	28,876

Proper recognition of prior year estimated claims liability:

Workers' compensation fund	\$ (211,536)
Liability insurance fund	(326,901)

Over-accrual of estimated interest payable:

Public Works component unit	\$ 400,475
Drainage Districts component unit	702,481

Proper recognition of leases receivable (as opposed to capital assets):

Public Works component unit	\$ (5,068,311)
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Recognition of prior year outstanding debt:

Drainage Districts component unit	\$ (191,463)
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Other revenue and expenditure/expense recognition errors:

Governmental activities	\$ (12,569)
Medical care facility fund	(18,925)

* * * * *

**COMBINING AND INDIVIDUAL FUND
STATEMENTS/SCHEDULES**

EATON COUNTY, MICHIGAN
Detailed Schedule of Revenues and
Other Financing Sources - Budget and Actual
General Fund
For the Year Ended September 30, 2004

	Original Budget	Final Budget	Actual	Variance with Final Budget + (-)
Taxes				
Property taxes	\$ 14,193,600	\$ 14,193,600	\$ 14,090,045	\$ (103,555)
Industrial facilities tax	131,313	131,313	221,393	90,080
Payments in lieu	10,000	10,000	3,891	(6,109)
Delinquent taxes	20,000	20,000	34,992	14,992
Trailer park taxes	12,000	12,000	10,600	(1,400)
Interest and penalties	2,000	2,000	6,341	4,341
Redemptions and reconveyances	1,000	1,000	-	(1,000)
Total taxes	14,369,913	14,369,913	14,367,262	(2,651)
Permits and regulatory licenses				
Dog licenses	102,374	102,374	97,187	(5,187)
Pistol permits	7,000	7,000	15,572	8,572
Marriage licenses	15,500	15,500	15,021	(479)
Soil erosion	47,000	47,000	51,745	4,745
Total permits and regulatory licenses	171,874	171,874	179,525	7,651
Intergovernmental - federal/state				
Emergency management services	48,357	48,357	37,104	(11,253)
Cooperative reimbursement - Prosecutor	111,000	111,000	76,203	(34,797)
ADC Incentive	90,000	90,000	215,057	125,057
Cooperative reimbursement - Friend of the Court	875,000	875,000	819,768	(55,232)
ASAP-PIE	96,007	96,007	70,372	(25,635)
Secondary Prevention	29,476	29,476	8,555	(20,921)
Strong Families/Safe Children	-	-	37,057	37,057
Local Law Enforcement Block Grant	-	-	1,589	1,589
Probate Judge's salary	95,000	95,000	94,195	(805)
Judicial salary standardization	232,896	232,896	228,620	(4,276)
Sheriff road patrol program	132,445	132,445	140,149	7,704
Marine safety program	3,982	3,982	2,058	(1,924)
Drug case incentive	1,687	1,687	1,136	(551)
Victims Rights Act	98,000	98,000	94,429	(3,571)
Parole violation grant	61,600	61,600	54,970	(6,630)
Diverted felon program	292,000	292,000	167,954	(124,046)
Assistant juvenile officer grant	50,500	50,500	52,776	2,276
Convention and tourism	344,000	344,000	342,030	(1,970)
Cigarette tax	91,000	91,000	62,338	(28,662)
State income tax	1,806,940	1,806,940	1,614,014	(192,926)
Single business tax	201,430	201,430	173,123	(28,307)
Liquor license fees	23,000	23,000	22,775	(225)
State aid-case flow assistance	20,000	20,000	15,892	(4,108)
State court equity funding	575,000	575,000	605,356	30,356
Miscellaneous	200	2,200	17,755	15,555
Total intergovernmental - federal/state	5,279,520	5,281,520	4,955,275	(326,245)
				Continued...

EATON COUNTY, MICHIGAN
Detailed Schedule of Revenues and
Other Financing Sources - Budget and Actual (Continued)
General Fund
For the Year Ended September 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
Intergovernmental - local				
Sheriff - other	\$ -	\$ 4,500	\$ 4,500	\$ -
Township - planning	37,272	37,272	37,272	-
Township - Sheriff	2,137,424	2,137,424	2,109,104	(28,320)
Road Commission - weighmaster	103,994	103,994	105,412	1,418
Total intergovernmental - local	<u>2,278,690</u>	<u>2,283,190</u>	<u>2,256,288</u>	<u>(26,902)</u>
Charges for services				
Court:				
District Court costs	892,000	892,000	758,794	(133,206)
Circuit Court probation	152,300	152,300	39,091	(113,209)
Court filing fees	101,900	101,900	147,671	45,771
Bond costs	10,000	10,000	6,765	(3,235)
Jury demand	13,050	13,050	8,320	(4,730)
Writ of garnishment	42,000	42,000	53,505	11,505
Attorney fee reimbursement	5,000	5,000	515	(4,485)
SOS reinstatement fee	33,000	33,000	25,824	(7,176)
Probation oversight	74,000	74,000	77,148	3,148
Alcohol assessment	25,500	25,500	19,062	(6,438)
Friend of the Court service fees	62,000	62,000	73,822	11,822
Probate Court services	44,100	44,100	36,474	(7,626)
Juvenile Court services	17,000	17,000	13,752	(3,248)
Prosecuting attorney services	3,675	3,675	1,021	(2,654)
Juvenile Court attorney fees	52,500	52,500	49,179	(3,321)
Crime victim assessment	-	-	362	362
Tether program	48,500	48,500	41,514	(6,986)
General government:				
County Clerk services	56,000	56,000	70,463	14,463
County Treasurer services	4,500	4,500	3,863	(637)
Register of Deed services	700,000	700,000	780,114	80,114
Real estate transfer tax	350,000	350,000	436,619	86,619
Drain Commission services	14,000	14,000	24,646	10,646
Child care collection fees	92,000	92,000	87,780	(4,220)
Property description services	1,000	1,000	1,074	74
Food stamp fraud	1,575	1,575	360	(1,215)
Community development services	30,000	30,000	28,053	(1,947)
Sheriff Department:				
Sheriff services	130,000	130,000	182,310	52,310
OUIL/Impaired	26,000	26,000	22,730	(3,270)
False alarms	17,500	17,500	14,091	(3,409)
Abandoned vehicles	9,710	9,710	16,932	7,222
Inmate medical	19,000	19,000	6,032	(12,968)
Sentenced inmate boarding	80,000	80,000	69,326	(10,674)
Sale of lost/stolen property	1,682	1,682	877	(805)
Boarding of dogs and cats	10,000	10,000	12,453	2,453
Photocopies	32,400	32,400	17,317	(15,083)
Miscellaneous	7,295	7,295	5,600	(1,695)
Total charges for services	<u>3,159,187</u>	<u>3,159,187</u>	<u>3,133,459</u>	<u>(25,728)</u>

Continued...

EATON COUNTY, MICHIGAN
Detailed Schedule of Revenues and
Other Financing Sources - Budget and Actual (Concluded)
General Fund
For the Year Ended September 30, 2004

	Original Budget	Final Budget	Actual	Variance with Final Budget + (-)
Fines and forfeitures				
Ordinance fines and costs	\$ 125,000	\$ 125,000	\$ 126,445	\$ 1,445
Handicap parking	8,660	8,660	1,867	(6,793)
Bond forfeitures	50,000	50,000	37,656	(12,344)
Dog fines	200	200	144	(56)
Miscellaneous	400	400	5,463	5,063
Total fines and forfeitures	184,260	184,260	171,575	(12,685)
Interest and rents				
Interest on investments	375,000	375,000	109,929	(265,071)
Rental fees	187,000	187,000	195,405	8,405
Total interest and rents	562,000	562,000	305,334	(256,666)
Other				
Vending/pay phone commissions	155,015	155,015	116,630	(38,385)
Sale of fixed assets	16,000	16,000	14,288	(1,712)
Sale of dogs and cats	4,500	4,500	5,898	1,398
Youth Facility meals	29,227	29,227	36,386	7,159
Reimbursements and refunds	27,162	27,162	37,897	10,735
Restitution	2,795	2,795	7,171	4,376
Insurance reimbursements	-	3,925	3,675	(250)
Miscellaneous	170	170	1,140	970
Total other	234,869	238,794	223,085	(15,709)
Total revenues	26,240,313	26,250,738	25,591,803	(658,935)
Other financing sources - transfers in				
Delinquent Tax Revolving	500,000	500,000	500,000	-
Central Dispatch	178,413	178,413	226,595	48,182
Jail Millage	210,000	210,000	210,000	-
Total other financing sources	888,413	888,413	936,595	48,182
Total revenues and other sources	\$ 27,128,726	\$ 27,139,151	\$ 26,528,398	\$ (610,753)

EATON COUNTY, MICHIGAN
Detailed Schedule of Expenditures and
Other Financing Uses - Budget and Actual
General Fund
For the Year Ended September 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
Legislative				
Board of Commissioners	\$ 245,646	\$ 248,146	\$ 240,107	\$ 8,039
Judicial				
Circuit Court	1,156,348	1,133,206	1,043,617	89,589
District Court	1,407,306	1,401,781	1,364,781	37,000
Friend of Court	1,184,390	1,183,590	1,160,891	22,699
County Guardian	18,528	18,528	11,124	7,404
Probate Court	453,510	453,140	435,389	17,751
Juvenile Court	755,973	868,485	868,497	(12)
Probation	14,776	14,776	12,719	2,057
Total judicial	<u>4,990,831</u>	<u>5,073,506</u>	<u>4,897,018</u>	<u>176,488</u>
General government				
Elections	54,208	54,208	48,945	5,263
Clerk	489,545	497,027	488,151	8,876
Births and Deaths	190	190	190	-
Plat Board	748	748	546	202
Controller	835,293	871,941	814,732	57,209
Information Systems	809,381	811,592	800,114	11,478
Equalization	570,492	570,492	554,532	15,960
Prosecuting Attorney	1,246,910	1,248,228	1,203,731	44,497
Register of Deeds	283,095	302,765	280,715	22,050
Treasurer	315,972	348,207	341,220	6,987
Cooperative Extension	334,686	335,997	328,346	7,651
Building Authority Administration	1,280	1,280	874	406
Building and Grounds	1,488,984	1,486,698	1,364,374	122,324
Drain Commission	346,446	351,850	348,342	3,508
Thornapple-Ground Soil Conservation	15,537	15,537	15,537	-
Eaton County Office Building	20,130	22,416	22,248	168
Total general government	<u>6,812,897</u>	<u>6,919,176</u>	<u>6,612,597</u>	<u>306,579</u>
Public safety				
Sheriff - General	4,112,915	4,213,061	4,150,409	62,652
Sheriff - Corrections	3,201,903	3,175,895	3,172,440	3,455
Sheriff - Delta office	2,711,571	2,744,745	2,737,851	6,894
Sheriff - Weighmaster	102,790	102,790	87,591	15,199
Sheriff - Road Patrol	138,319	140,300	140,200	100
Handicapped Parking	8,660	8,660	2,046	6,614
Marine Safety	6,131	6,131	5,527	604
Community Development	211,641	211,481	183,569	27,912
Tri-County Regional Planning	62,120	62,120	62,120	-
Animal Control	372,997	372,997	350,916	22,081
Emergency Services	111,230	113,765	121,769	(8,004)
Total public safety	<u>11,040,277</u>	<u>11,151,945</u>	<u>11,014,438</u>	<u>137,507</u>
Public works				
Drains at Large	<u>335,000</u>	<u>335,000</u>	<u>249,485</u>	<u>85,515</u>

Continued...

EATON COUNTY, MICHIGAN
Detailed Schedule of Expenditures and
Other Financing Uses - Budget and Actual
General Fund
For the Year Ended September 30, 2004

	Original Budget	Final Budget	Actual	Variance with Final Budget + (-)
Health and social services				
Mid-South Substance Abuse	\$ 172,000	\$ 172,000	\$ 171,015	\$ 985
Medical Examiner	64,600	64,600	59,943	4,657
Community Mental Health	342,437	342,437	342,437	-
Barry-Eaton Health Plan Corporation	-	400,000	400,000	-
Court Appointed Special Advocate	2,500	5,566	3,000	2,566
Tri-County Office on Aging	57,939	57,939	57,380	559
Veterans	71,548	71,548	75,554	(4,006)
Economic Development	5,000	5,000	5,000	-
District Health - appropriation	706,025	306,025	306,025	-
District Health - cigarette tax	64,000	64,000	44,003	19,997
Total health and social services	<u>1,486,049</u>	<u>1,489,115</u>	<u>1,464,357</u>	<u>24,758</u>
Recreation and culture				
Courthouse Square Association	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Other				
Miscellaneous	<u>468,071</u>	<u>116,072</u>	<u>7,794</u>	<u>108,278</u>
Capital outlay	<u>407,690</u>	<u>432,086</u>	<u>327,884</u>	<u>104,202</u>
Total expenditures	<u>25,806,461</u>	<u>25,785,046</u>	<u>24,833,680</u>	<u>951,366</u>
Other financing uses - transfers out				
Appropriations:				
Child Care	1,392,633	1,417,133	1,417,133	-
Family Independence Agency	15,000	15,000	15,000	-
Soldiers and Sailors Relief	25,000	25,000	25,000	-
Parks and Recreation	343,507	343,507	343,507	-
Historical Commission	11,000	11,000	11,000	-
Public Improvement	300,000	300,000	300,000	-
Computer	367,409	367,539	367,539	-
Other:				
Child Care (cigarette tax)	27,000	27,000	18,335	8,665
Friend of the Court	39,530	43,430	43,796	(366)
Medical Care Facility	128,205	128,205	128,205	-
Vertical Drug Prosecution and Forfeiture	27,692	34,902	36,856	(1,954)
Building Authority - Eaton County Office Building	103,868	103,868	103,868	-
STOP Domestic Violence	22,399	18,499	18,265	234
Child Care - FIA	2,500	2,500	2,500	-
Parcel Layer / Comprehensive Plan	7,500	7,500	7,500	-
Bureau of Justice Grant	-	-	2,566	(2,566)
Landfill	<u>26,000</u>	<u>26,000</u>	<u>26,151</u>	<u>(151)</u>
Total other financing uses	<u>2,839,243</u>	<u>2,871,083</u>	<u>2,867,221</u>	<u>3,862</u>
Total expenditures and other uses	<u>\$ 28,645,704</u>	<u>\$ 28,656,129</u>	<u>\$ 27,700,901</u>	<u>\$ 955,228</u>

EATON COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2004

Special Revenue Funds

	Parks and Recreation	Parks Special Projects	Friend of the Court	Landfill	Solid Waste Ordinance
<u>ASSETS</u>					
Assets					
Cash and cash equivalents	\$ 21,336	\$ 85,238	\$ 1,825	\$ -	\$ 80,397
Receivables:					
Special assessments	-	-	-	-	-
Due from other governmental units:					
Federal/state	-	-	-	-	-
Due from other funds	-	-	-	-	-
<u>TOTAL ASSETS</u>	<u>\$ 21,336</u>	<u>\$ 85,238</u>	<u>\$ 1,825</u>	<u>\$ -</u>	<u>\$ 80,397</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Accounts payable	\$ 10,348	\$ -	\$ -	\$ -	\$ 22,718
Accrued liabilities	8,895	-	1,292	-	1,662
Due to other governmental units -					
Federal/state	-	-	-	-	-
Due to other funds	923	-	168	-	215
Interfund payable	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	20,166	-	1,460	-	24,595
Fund balances					
Unreserved, undesignated	1,170	85,238	365	-	55,802
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 21,336</u>	<u>\$ 85,238</u>	<u>\$ 1,825</u>	<u>\$ -</u>	<u>\$ 80,397</u>

Special Revenue Funds

Homeowner Purchase Rehabilitation	CDBG Housing Grant	Economic Development Revolving	Construction Code Enforcement	Public Improvement	Planning Aerial Photos	Remonum- entation Grant	Parcel Layer Comprehensive Plan
\$ -	\$ 20,029	\$ 165,407	\$ 209,861	\$ 593,117	\$ 14,904	\$ 16,457	\$ 9,510
-	-	91,344	-	-	-	-	-
62,869	59,530	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 62,869</u>	<u>\$ 79,559</u>	<u>\$ 256,751</u>	<u>\$ 209,861</u>	<u>\$ 593,117</u>	<u>\$ 14,904</u>	<u>\$ 16,457</u>	<u>\$ 9,510</u>
\$ -	\$ 7,576	\$ -	\$ 6,507	\$ 4,217	\$ -	\$ -	\$ -
-	1,659	611	18,214	-	-	-	-
-	-	-	-	-	-	-	-
-	215	79	2,469	-	-	-	-
62,869	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
62,869	9,450	690	27,190	4,217	-	-	-
-	70,109	256,061	182,671	588,900	14,904	16,457	9,510
<u>\$ 62,869</u>	<u>\$ 79,559</u>	<u>\$ 256,751</u>	<u>\$ 209,861</u>	<u>\$ 593,117</u>	<u>\$ 14,904</u>	<u>\$ 16,457</u>	<u>\$ 9,510</u>

EATON COUNTY, MICHIGAN
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
September 30, 2004

	Special Revenue Funds				
	Register of Deeds Technology	Prisoner Boarding	Criminal Property Forfeiture	Drug Law Forfeiture	Vertical Drug Prosecution and Forfeiture
<u>ASSETS</u>					
Assets					
Cash and cash equivalents	\$ 114,331	\$ 2,483	\$ 1,868	\$ 18,959	\$ -
Receivables:					
Special assessments	-	-	-	-	-
Due from other governmental units:					
Federal/state	-	-	-	-	4,873
Due from other funds	-	-	-	-	-
<u>TOTAL ASSETS</u>	<u>\$ 114,331</u>	<u>\$ 2,483</u>	<u>\$ 1,868</u>	<u>\$ 18,959</u>	<u>\$ 4,873</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Accounts payable	\$ -	\$ 43	\$ -	\$ -	\$ -
Accrued liabilities	-	1,944	-	-	2,519
Due to other governmental units -					
Federal/state	-	-	-	-	-
Due to other funds	-	340	-	-	326
Interfund payable	-	-	-	-	1,114
Deferred revenue	-	-	-	-	-
Total liabilities	-	2,327	-	-	3,959
Fund balances					
Undesignated	114,331	156	1,868	18,959	914
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 114,331</u>	<u>\$ 2,483</u>	<u>\$ 1,868</u>	<u>\$ 18,959</u>	<u>\$ 4,873</u>

Special Revenue Funds

Law Library	S.T.O.P. Grant	Drug Court III - Circuit Court	Community Corrections	Domestic Preparedness	Soil Erosion Enforcement	Child Care - FIA	Community Prosecution
\$ -	\$ 2,641	\$ 8,777	\$ -	\$ -	\$ 1,455	\$ 9,995	\$ 145,647
-	-	-	-	-	-	-	-
-	-	27,422	63,811	28,128	-	-	8,015
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 2,641</u>	<u>\$ 36,199</u>	<u>\$ 63,811</u>	<u>\$ 28,128</u>	<u>\$ 1,455</u>	<u>\$ 9,995</u>	<u>\$ 153,662</u>
\$ -	\$ -	\$ 1,631	\$ 17,972	\$ 4,058	\$ -	\$ -	\$ 1,071
-	1,950	1,236	3,649	595	-	-	5,007
-	-	-	-	-	-	-	-
-	255	160	601	1	-	-	587
-	-	-	40,640	16,622	-	-	-
-	-	-	-	-	-	-	11,388
-	2,205	3,027	62,862	21,276	-	-	18,053
-	436	33,172	949	6,852	1,455	9,995	135,609
<u>\$ -</u>	<u>\$ 2,641</u>	<u>\$ 36,199</u>	<u>\$ 63,811</u>	<u>\$ 28,128</u>	<u>\$ 1,455</u>	<u>\$ 9,995</u>	<u>\$ 153,662</u>

EATON COUNTY, MICHIGAN
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
September 30, 2004

	Special Revenue Funds				
	Property Forfeiture Prosecutor	Bureau of Justice LLEBG	Drug Forfeiture Prosecutor	Michigan Justice Training	Dispatcher Training
<u>ASSETS</u>					
Assets					
Cash and cash equivalents	\$ 635	\$ -	\$ 11,254	\$ 14,809	\$ 18,344
Receivables:					
Special assessments	-	-	-	-	-
Due from other governmental units:					
Federal/state	-	-	-	-	-
Due from other funds	-	-	-	-	-
<u>TOTAL ASSETS</u>	<u>\$ 635</u>	<u>\$ -</u>	<u>\$ 11,254</u>	<u>\$ 14,809</u>	<u>\$ 18,344</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ 94	\$ -
Accrued liabilities	-	-	-	-	-
Due to other governmental units -					
Federal/state	-	-	-	-	-
Due to other funds	-	-	-	-	-
Interfund payable	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	-	-	-	94	-
Fund balances					
Undesignated	635	-	11,254	14,715	18,344
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 635</u>	<u>\$ -</u>	<u>\$ 11,254</u>	<u>\$ 14,809</u>	<u>\$ 18,344</u>

Special Revenue Funds							Debt Service
OHSP Traffic Enforcement	Family Independence Agency	Soldiers and Sailors	Veterans Trust	Historical Commission	Computer	Home Tax Exemption Audit	Building Authority Office Building
\$ 4,068	\$ -	\$ 15,257	\$ -	\$ 47	\$ 501,243	\$ 12,233	\$ 1
-	-	-	-	-	-	-	-
705	159,258	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 4,773</u>	<u>\$ 159,258</u>	<u>\$ 15,257</u>	<u>\$ -</u>	<u>\$ 47</u>	<u>\$ 501,243</u>	<u>\$ 12,233</u>	<u>\$ 1</u>
\$ 4,773	\$ 1,106	\$ -	\$ 1	\$ -	\$ 46,213	\$ -	\$ -
-	-	-	-	-	-	-	-
-	103,000	-	-	-	-	12,197	-
-	-	-	-	-	-	-	-
-	6,410	-	597	-	-	-	-
-	55,152	-	-	-	-	-	-
4,773	165,668	-	598	-	46,213	12,197	-
-	(6,410)	15,257	(598)	47	455,030	36	1
<u>\$ 4,773</u>	<u>\$ 159,258</u>	<u>\$ 15,257</u>	<u>\$ -</u>	<u>\$ 47</u>	<u>\$ 501,243</u>	<u>\$ 12,233</u>	<u>\$ 1</u>

EATON COUNTY, MICHIGAN
Combining Balance Sheet (Concluded)
Nonmajor Governmental Funds
September 30, 2004

	Debt Service Funds				
	Building Authority Health Clinic	Building Authority Jail	Building Authority E-911	Building Authority DSS Expansion	Building Authority Medical Care Facility
<u>ASSETS</u>					
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ 1	\$ 6,673	\$ -
Receivables:					
Special assessments	-	-	-	-	-
Due from other governmental units:					
Federal/state	-	-	-	-	-
Due from other funds	-	-	-	-	250
<u>TOTAL ASSETS</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 6,673</u>	<u>\$ 250</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-
Due to other governmental units -					
Federal/state	-	-	-	-	-
Due to other funds	-	-	-	-	-
Interfund payable	-	-	-	-	250
Deferred revenue	-	-	-	-	-
Total liabilities	-	-	-	-	250
Fund balances					
Undesignated	-	-	1	6,673	-
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 6,673</u>	<u>\$ 250</u>

Permanent Trust Funds							
<u>Installment Purchase</u>	<u>Juvenile Court Trust</u>	<u>Youth Facility Trust</u>	<u>Lincoln Brick Trust</u>	<u>Sheriff Department Donations Trust</u>	<u>Prosecuting Attorney Donations Trust</u>	<u>E.A.T.O.N. Trust</u>	<u>Total</u>
\$ -	\$ 7,948	\$ 2,492	\$ 77,376	\$ 3,940	\$ 44	\$ 595	\$ 2,201,197
-	-	-	-	-	-	-	91,344
-	-	-	-	-	-	-	414,611
-	-	-	-	-	-	-	250
<u>\$ -</u>	<u>\$ 7,948</u>	<u>\$ 2,492</u>	<u>\$ 77,376</u>	<u>\$ 3,940</u>	<u>\$ 44</u>	<u>\$ 595</u>	<u>\$ 2,707,402</u>
\$ -	\$ -	\$ 28	\$ -	\$ -	\$ -	\$ -	\$ 128,356
-	-	-	-	-	-	-	49,233
-	-	-	-	-	-	-	115,197
-	-	-	-	-	-	-	6,339
-	-	-	-	-	-	-	128,502
-	-	-	-	-	-	-	66,540
-	-	28	-	-	-	-	494,167
-	7,948	2,464	77,376	3,940	44	595	2,213,235
<u>\$ -</u>	<u>\$ 7,948</u>	<u>\$ 2,492</u>	<u>\$ 77,376</u>	<u>\$ 3,940</u>	<u>\$ 44</u>	<u>\$ 595</u>	<u>\$ 2,707,402</u>

EATON COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2004

	Special Revenue Funds				
	Parks and Recreation	Parks Special Projects	Friend of the Court	Landfill	Solid Waste Ordinance
Revenues					
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental:					
Federal/state	2,814	-	-	-	-
Local	-	-	-	-	-
Charges for services	43,537	-	12,060	-	239,768
Fines and forfeitures	-	-	-	-	-
Interest and rent	-	-	-	-	-
Miscellaneous	2,245	-	-	-	146
Total revenues	48,596	-	12,060	-	239,914
Expenditures					
Current:					
Judicial	-	-	56,030	-	-
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Health and social services	-	-	-	26,151	264,103
Parks, recreation and culture	407,796	8,769	-	-	-
Miscellaneous	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	407,796	8,769	56,030	26,151	264,103
Revenue over (under) expenditures	(359,200)	(8,769)	(43,970)	(26,151)	(24,189)
Other financing sources (uses)					
Transfers in	376,924	26,159	43,796	26,151	-
Transfers (out)	(19,010)	(25,000)	-	-	-
Issuance from long-term debt	-	-	-	-	-
Total other financing sources (uses)	357,914	1,159	43,796	26,151	-
Net change in fund balances	(1,286)	(7,610)	(174)	-	(24,189)
Fund balances (deficit), October 1	2,456	92,848	539	-	79,991
Fund balances (deficit), September 30	\$ 1,170	\$ 85,238	\$ 365	\$ -	\$ 55,802

Special Revenue Funds

Homeowner Purchase Rehabilitation	CDBG Housing Grant	Economic Development Revolving	Construction Code Enforcement	Public Improvement	Planning Aerial Photo's	Remonum- entation Grant	Parcel Layer Comprehensive Plan
\$ -	\$ -	\$ -	\$ 894,419	\$ -	\$ -	\$ -	\$ -
83,439	365,394	-	-	-	-	73,076	-
-	-	-	6,245	-	-	-	-
-	82,922	-	23,119	-	400	33,432	-
-	-	-	975	-	-	-	-
-	-	6,207	-	-	-	-	-
-	-	-	-	-	-	-	-
83,439	448,316	6,207	924,758	-	400	106,508	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	140,335	-
-	-	-	773,305	-	-	-	5,889
67,670	397,567	21,731	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	837	881,085	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
67,670	397,567	21,731	774,142	881,085	-	140,335	5,889
15,769	50,749	(15,524)	150,616	(881,085)	400	(33,827)	(5,889)
-	15,769	-	-	300,000	-	-	7,500
(15,769)	-	-	-	(52,119)	-	-	-
-	-	-	-	836,000	-	-	-
(15,769)	15,769	-	-	1,083,881	-	-	7,500
-	66,518	(15,524)	150,616	202,796	400	(33,827)	1,611
-	3,591	271,585	32,055	386,104	14,504	50,284	7,899
\$ -	\$ 70,109	\$ 256,061	\$ 182,671	\$ 588,900	\$ 14,904	\$ 16,457	\$ 9,510

EATON COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended September 30, 2004

	Special Revenue Funds				
	Register of Deeds Technology	Prisoner Boarding	Criminal Property Forfeiture	Drug Law Forfeiture	Vertical Drug Prosecution and Forfeiture
Revenues					
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental:					
Federal/state	-	11,764	-	-	47,605
Local	-	-	-	-	-
Charges for services	172,070	1,604	-	-	-
Fines and forfeitures	-	-	-	10,874	-
Interest and rent	504	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	172,574	13,368	-	10,874	47,605
Expenditures					
Current:					
Judicial	-	-	-	-	-
General government	50,512	-	-	-	-
Public safety	-	89,600	15	600	93,713
Health and social services	-	-	-	-	-
Parks, recreation and culture	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Capital outlay	48,599	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	99,111	89,600	15	600	93,713
Revenue over (under) expenditures	73,463	(76,232)	(15)	10,274	(46,108)
Other financing sources (uses)					
Transfers in	-	70,300	-	-	46,856
Transfers (out)	(34,866)	-	-	-	-
Issuance from long-term debt	-	-	-	-	-
Total other financing sources (uses)	(34,866)	70,300	-	-	46,856
Net change in fund balances	38,597	(5,932)	(15)	10,274	748
Fund balance (deficit), October 1	75,734	6,088	1,883	8,685	166
Fund balance (deficit), September 30	\$ 114,331	\$ 156	\$ 1,868	\$ 18,959	\$ 914

Special Revenue Funds

Law Library	S.T.O.P. Grant	Drug Court III Circuit Court	Community Corrections	Domestic Preparedness	Soil Erosion Enforcement	Child Care - FIA	Community Prosecution
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	58,353	64,418	287,161	101,190	-	-	105,000
-	-	-	-	-	-	-	-
-	-	16,389	35,719	-	100	-	186,899
6,500	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
6,500	58,353	80,807	322,880	101,190	100	-	291,899
6,500	-	64,418	-	-	-	-	-
-	-	-	-	-	-	-	-
-	77,641	-	334,676	27,211	-	-	190,039
-	-	-	-	-	-	37	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	71,845	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
6,500	77,641	64,418	334,676	99,056	-	37	190,039
-	(19,288)	16,389	(11,796)	2,134	100	(37)	101,860
-	18,265	-	-	-	-	2,500	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	18,265	-	-	-	-	2,500	-
-	(1,023)	16,389	(11,796)	2,134	100	2,463	101,860
-	1,459	16,783	12,745	4,718	1,355	7,532	33,749
\$ -	\$ 436	\$ 33,172	\$ 949	\$ 6,852	\$ 1,455	\$ 9,995	\$ 135,609

EATON COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended September 30, 2004

	Special Revenue Funds				
	Property Forfeiture Prosecutor	Bureau of Justice LLEBG	Drug Forfeiture Prosecutor	Michigan Justice Training	Dispatcher Training
Revenues					
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental:					
Federal/state	-	23,094	-	15,149	11,742
Local	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	3,953	-	-
Interest and rent	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	-	23,094	3,953	15,149	11,742
Expenditures					
Current:					
Judicial	-	-	-	-	-
General government	-	-	-	-	-
Public safety	-	2,482	752	11,948	4,708
Health and social services	-	-	-	-	-
Parks, recreation and culture	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Capital outlay	-	23,178	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	-	25,660	752	11,948	4,708
Revenue over (under) expenditures	-	(2,566)	3,201	3,201	7,034
Other financing sources (uses)					
Transfers in	-	2,566	-	-	-
Transfers (out)	-	-	(14,233)	-	-
Issuance from long-term debt	-	-	-	-	-
Total other financing sources (uses)	-	2,566	(14,233)	-	-
Net change in fund balances	-	-	(11,032)	3,201	7,034
Fund balance (deficit), October 1	635	-	22,286	11,514	11,310
Fund balance (deficit), September 30	\$ 635	\$ -	\$ 11,254	\$ 14,715	\$ 18,344

Special Revenue Funds							Debt Service Building Authority Office Building
OHSP Traffic Enforcement	Family Independence Agency	Soldiers and Sailors	Veterans Trust	Historical Commission	Computer	Home Tax Exemption Audit	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8,464	515,769	-	12,400	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	87,920	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	36	-
-	-	-	-	45	-	-	-
8,464	515,769	-	12,400	45	87,920	36	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
8,464	-	-	-	-	-	-	-
-	543,821	21,206	10,375	-	-	-	-
-	-	-	-	10,998	-	-	-
-	-	-	-	-	7,833	-	-
-	-	-	-	-	438,893	-	-
-	-	-	-	-	-	-	55,000
-	-	-	-	-	-	-	48,867
8,464	543,821	21,206	10,375	10,998	446,726	-	103,867
-	(28,052)	(21,206)	2,025	(10,953)	(358,806)	36	(103,867)
-	15,000	25,000	-	11,000	544,688	-	103,868
-	-	-	-	-	(37,975)	-	-
-	-	-	-	-	-	-	-
-	15,000	25,000	-	11,000	506,713	-	103,868
-	(13,052)	3,794	2,025	47	147,907	36	1
-	6,642	11,463	(2,623)	-	307,123	-	-
\$ -	\$ (6,410)	\$ 15,257	\$ (598)	\$ 47	\$ 455,030	\$ 36	\$ 1

EATON COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances (Concluded)
Nonmajor Governmental Funds
For the Year Ended September 30, 2004

	Debt Service Funds				
	Building Authority Health Clinic	Building Authority Jail	Building Authority E-911	Building Authority DSS Expansion	Building Authority Medical Care Facility
Revenues					
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental:					
Federal/state	-	-	-	-	-
Local	50,030	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Interest and rent	-	-	-	199,500	-
Miscellaneous	-	-	-	-	-
Total revenues	50,030	-	-	199,500	-
Expenditures					
Current:					
Judicial	-	-	-	-	-
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Health and social services	-	-	-	-	-
Parks, recreation and culture	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	30,000	1,395,000	35,000	190,000	245,000
Interest and fiscal charges	20,030	281,479	2,975	9,850	309,385
Total expenditures	50,030	1,676,479	37,975	199,850	554,385
Revenue over (under) expenditures	-	(1,676,479)	(37,975)	(350)	(554,385)
Other financing sources (uses)					
Transfers in	-	1,676,479	37,975	-	554,385
Transfers (out)	-	-	-	-	-
Issuance from long-term debt	-	-	-	-	-
Total other financing sources (uses)	-	1,676,479	37,975	-	554,385
Net change in fund balances	-	-	-	(350)	-
Fund balance (deficit), October 1	-	-	1	7,023	-
Fund balance (deficit), September 30	\$ -	\$ -	\$ 1	\$ 6,673	\$ -

Permanent Trust Funds							
Installment Purchase	Juvenile Court Trust	Youth Facility Trust	Lincoln Brick Trust	Sheriff Department Donations Trust	Prosecuting Attorney Donations Trust	E.A.T.O.N. Trust	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 894,419
-	-	-	-	-	-	-	1,786,832
-	-	-	-	-	-	-	56,275
-	-	-	-	-	-	-	935,939
-	-	-	-	-	-	-	22,302
-	55	-	595	-	-	-	206,897
-	3,036	2,356	11,534	2,088	-	-	21,450
-	3,091	2,356	12,129	2,088	-	-	3,924,114
-	-	-	-	-	-	-	126,948
-	-	-	-	-	-	-	190,847
-	-	-	-	-	-	-	1,621,043
-	-	-	-	-	-	-	1,352,661
-	-	-	-	-	-	-	427,563
-	1,351	3,892	4,319	2,973	-	-	20,368
-	-	-	-	-	-	-	1,464,437
35,362	-	-	-	-	-	-	1,985,362
16,757	-	-	-	-	-	-	689,343
52,119	1,351	3,892	4,319	2,973	-	-	7,878,572
(52,119)	1,740	(1,536)	7,810	(885)	-	-	(3,954,458)
52,119	-	568	-	-	-	-	3,957,868
-	(568)	-	(15,566)	-	-	-	(215,106)
-	-	-	-	-	-	-	836,000
52,119	(568)	568	(15,566)	-	-	-	4,578,762
-	1,172	(968)	(7,756)	(885)	-	-	624,304
-	6,776	3,432	85,132	4,825	44	595	1,588,931
\$ -	\$ 7,948	\$ 2,464	\$ 77,376	\$ 3,940	\$ 44	\$ 595	\$ 2,213,235

EATON COUNTY, MICHIGAN
Schedules of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended September 30, 2004

	Parks and Recreation			Parks Special Projects		
	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental:						
Federal/state	-	2,814	2,814	-	-	-
Local	-	-	-	-	-	-
Charges for services	45,600	43,537	(2,063)	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	-	-
Miscellaneous	2,400	2,245	(155)	-	-	-
Total revenues	48,000	48,596	596	-	-	-
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health and social services	-	-	-	-	-	-
Parks, recreation and culture	426,317	407,796	18,521	10,769	8,769	2,000
Miscellaneous	-	-	-	-	-	-
Capital outlay	-	-	-	11,435	-	11,435
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	426,317	407,796	18,521	22,204	8,769	13,435
Revenue over (under) expenditures	(378,317)	(359,200)	19,117	(22,204)	(8,769)	13,435
Other financing sources (uses)						
Transfers in	378,317	376,924	(1,393)	-	26,159	26,159
Transfers (out)	-	(19,010)	(19,010)	(25,000)	(25,000)	-
Issuance from long-term debt	-	-	-	-	-	-
Total other financing sources (uses)	378,317	357,914	(20,403)	(25,000)	1,159	26,159
Net change in fund balances	-	(1,286)	(1,286)	(47,204)	(7,610)	39,594
Fund balances, October 1	2,456	2,456	-	92,848	92,848	-
Fund balances (deficit), September 30	<u>\$ 2,456</u>	<u>\$ 1,170</u>	<u>\$ (1,286)</u>	<u>\$ 45,644</u>	<u>\$ 85,238</u>	<u>\$ 39,594</u>

Friend of the Court			Landfill			Solid Waste Ordinance		
Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
16,500	12,060	(4,440)	-	-	-	219,250	239,768	20,518
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	300	146	(154)
16,500	12,060	(4,440)	-	-	-	219,550	239,914	20,364
56,030	56,030	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	26,000	26,151	(151)	276,265	264,103	12,162
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
56,030	56,030	-	26,000	26,151	(151)	276,265	264,103	12,162
(39,530)	(43,970)	(4,440)	(26,000)	(26,151)	(151)	(56,715)	(24,189)	32,526
39,530	43,796	4,266	26,000	26,151	151	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
39,530	43,796	4,266	26,000	26,151	151	-	-	-
-	(174)	(174)	-	-	-	(56,715)	(24,189)	32,526
539	539	-	-	-	-	79,991	79,991	-
\$ 539	\$ 365	\$ (174)	\$ -	\$ -	\$ -	\$ 23,276	\$ 55,802	\$ 32,526

EATON COUNTY, MICHIGAN
Schedules of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual (Continued)
Nonmajor Special Revenue Funds
For the Year Ended September 30, 2004

	Homeowner Purchase Rehabilitation			CDBG Housing Grant		
	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental:						
Federal/state	166,600	83,439	(83,161)	353,000	365,394	12,394
Local	-	-	-	-	-	-
Charges for services	-	-	-	5,400	82,922	77,522
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	166,600	83,439	(83,161)	358,400	448,316	89,916
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health and social services	129,600	67,670	61,930	358,400	397,567	(39,167)
Parks, recreation and culture	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	129,600	67,670	61,930	358,400	397,567	(39,167)
Revenue over (under) expenditures	37,000	15,769	(21,231)	-	50,749	50,749
Other financing sources (uses)						
Transfers in	-	-	-	-	15,769	15,769
Transfers (out)	(37,000)	(15,769)	21,231	-	-	-
Issuance from long-term debt	-	-	-	-	-	-
Total other financing sources (uses)	(37,000)	(15,769)	21,231	-	15,769	15,769
Net change in fund balances	-	-	-	-	66,518	66,518
Fund balances, October 1	-	-	-	3,591	3,591	-
Fund balances (deficit), September 30	\$ -	\$ -	\$ -	\$ 3,591	\$ 70,109	\$ 66,518

Economic Development Revolving			Construction Code Enforcement			Public Improvement		
Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	774,873	894,419	119,546	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	4,000	6,245	2,245	-	-	-
-	-	-	11,000	23,119	12,119	-	-	-
-	-	-	500	975	475	-	-	-
7,500	6,207	(1,293)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
7,500	6,207	(1,293)	790,373	924,758	134,385	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	788,673	773,305	15,368	-	-	-
26,840	21,731	5,109	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	1,700	837	863	1,136,000	881,085	254,915
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
26,840	21,731	5,109	790,373	774,142	16,231	1,136,000	881,085	254,915
(19,340)	(15,524)	3,816	-	150,616	150,616	(1,136,000)	(881,085)	254,915
-	-	-	-	-	-	300,000	300,000	-
-	-	-	-	-	-	-	(52,119)	(52,119)
-	-	-	-	-	-	836,000	836,000	-
-	-	-	-	-	-	1,136,000	1,083,881	(52,119)
(19,340)	(15,524)	3,816	-	150,616	150,616	-	202,796	202,796
271,585	271,585	-	32,055	32,055	-	386,104	386,104	-
\$ 252,245	\$ 256,061	\$ 3,816	\$ 32,055	\$ 182,671	\$ 150,616	\$ 386,104	\$ 588,900	\$ 202,796

EATON COUNTY, MICHIGAN
Schedules of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual (Continued)
Nonmajor Special Revenue Funds
For the Year Ended September 30, 2004

	Planning Aerial Photo's			Remonumentation Grant		
	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental:						
Federal/state	-	-	-	56,000	73,076	17,076
Local	-	-	-	-	-	-
Charges for services	1,000	400	(600)	20,000	33,432	13,432
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	1,000	400	(600)	76,000	106,508	30,508
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	1,000	-	1,000	126,000	140,335	(14,335)
Public safety	-	-	-	-	-	-
Health and social services	-	-	-	-	-	-
Parks, recreation and culture	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	1,000	-	1,000	126,000	140,335	(14,335)
Revenue over (under) expenditures	-	400	400	(50,000)	(33,827)	16,173
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
Issuance from long-term debt	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	-	400	400	(50,000)	(33,827)	16,173
Fund balances, October 1	14,504	14,504	-	50,284	50,284	-
Fund balances (deficit), September 30	<u>\$ 14,504</u>	<u>\$ 14,904</u>	<u>\$ 400</u>	<u>\$ 284</u>	<u>\$ 16,457</u>	<u>\$ 16,173</u>

Parcel Layer Comprehensive Plan			Register of Deeds Technology			Prisoner Boarding		
Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	11,764	11,764
-	-	-	-	-	-	80,000	-	(80,000)
-	-	-	168,840	172,070	3,230	71,524	1,604	(69,920)
-	-	-	-	-	-	-	-	-
-	-	-	5,000	504	(4,496)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	173,840	172,574	(1,266)	151,524	13,368	(138,156)
-	-	-	-	-	-	-	-	-
-	-	-	62,730	50,512	12,218	-	-	-
7,500	5,889	1,611	-	-	-	151,524	89,600	61,924
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	83,504	48,599	34,905	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
7,500	5,889	1,611	146,234	99,111	47,123	151,524	89,600	61,924
(7,500)	(5,889)	1,611	27,606	73,463	45,857	-	(76,232)	(76,232)
7,500	7,500	-	-	-	-	-	70,300	70,300
-	-	-	(39,434)	(34,866)	4,568	-	-	-
-	-	-	-	-	-	-	-	-
7,500	7,500	-	(39,434)	(34,866)	4,568	-	70,300	70,300
-	1,611	1,611	(11,828)	38,597	50,425	-	(5,932)	(5,932)
7,899	7,899	-	75,734	75,734	-	6,088	6,088	-
\$ 7,899	\$ 9,510	\$ 1,611	\$ 63,906	\$ 114,331	\$ 50,425	\$ 6,088	\$ 156	\$ (5,932)

EATON COUNTY, MICHIGAN
Schedules of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual (Continued)
Nonmajor Special Revenue Funds
For the Year Ended September 30, 2004

	Criminal Property Forfeiture			Drug Law Forfeiture		
	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental:						
Federal/state	-	-	-	-	-	-
Local	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	10,874	10,874
Interest and rent	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	-	-	-	-	10,874	10,874
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	600	15	585	10,000	600	9,400
Health and social services	-	-	-	-	-	-
Parks, recreation and culture	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	600	15	585	10,000	600	9,400
Revenue over (under) expenditures	(600)	(15)	585	(10,000)	10,274	20,274
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
Issuance from long-term debt	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	(600)	(15)	585	(10,000)	10,274	20,274
Fund balances, October 1	1,883	1,883	-	8,685	8,685	-
Fund balances (deficit), September 30	\$ 1,283	\$ 1,868	\$ 585	\$ (1,315)	\$ 18,959	\$ 20,274

Vertical Drug Prosecution and Forfeiture			Law Library			S.T.O.P. Grant		
Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
45,795	47,605	1,810	-	-	-	55,000	58,353	3,353
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	6,500	6,500	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
45,795	47,605	1,810	6,500	6,500	-	55,000	58,353	3,353
-	-	-	6,500	6,500	-	-	-	-
-	-	-	-	-	-	-	-	-
91,589	93,713	(2,124)	-	-	-	77,399	77,641	(242)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
91,589	93,713	(2,124)	6,500	6,500	-	77,399	77,641	(242)
(45,794)	(46,108)	(314)	-	-	-	(22,399)	(19,288)	3,111
45,794	46,856	1,062	-	-	-	22,399	18,265	(4,134)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
45,794	46,856	1,062	-	-	-	22,399	18,265	(4,134)
-	748	748	-	-	-	-	(1,023)	(1,023)
166	166	-	-	-	-	1,459	1,459	-
\$ 166	\$ 914	\$ 748	\$ -	\$ -	\$ -	\$ 1,459	\$ 436	\$ (1,023)

EATON COUNTY, MICHIGAN
Schedules of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual (Continued)
Nonmajor Special Revenue Funds
For the Year Ended September 30, 2004

	Drug Court III Circuit Court			Community Corrections		
	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental:						
Federal/state	77,212	64,418	(12,794)	308,685	287,161	(21,524)
Local	-	-	-	-	-	-
Charges for services	14,463	16,389	1,926	17,200	35,719	18,519
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	91,675	80,807	(10,868)	325,885	322,880	(3,005)
Expenditures						
Current:						
Judicial	97,721	64,418	33,303	-	-	-
General government	-	-	-	-	-	-
Public safety	-	-	-	344,863	334,676	10,187
Health and social services	-	-	-	-	-	-
Parks, recreation and culture	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	97,721	64,418	33,303	344,863	334,676	10,187
Revenue over (under) expenditures	(6,046)	16,389	22,435	(18,978)	(11,796)	7,182
Other financing sources (uses)						
Transfers in	6,046	-	(6,046)	8,750	-	(8,750)
Transfers (out)	-	-	-	-	-	-
Issuance from long-term debt	-	-	-	-	-	-
Total other financing sources (uses)	6,046	-	(6,046)	8,750	-	(8,750)
Net change in fund balances	-	16,389	16,389	(10,228)	(11,796)	(1,568)
Fund balances, October 1	16,783	16,783	-	12,745	12,745	-
Fund balances (deficit), September 30	\$ 16,783	\$ 33,172	\$ 16,389	\$ 2,517	\$ 949	\$ (1,568)

Domestic Preparedness			Soil Erosion Enforcement			Child Care - FIA		
Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
120,000	101,190	(18,810)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	1,500	100	(1,400)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
120,000	101,190	(18,810)	1,500	100	(1,400)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	1,500	-	1,500	-	-	-
20,316	27,211	(6,895)	-	-	-	-	-	-
-	-	-	-	-	-	2,500	37	2,463
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
99,684	71,845	27,839	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
120,000	99,056	20,944	1,500	-	1,500	2,500	37	2,463
-	2,134	2,134	-	100	100	(2,500)	(37)	2,463
-	-	-	-	-	-	2,500	2,500	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	2,500	2,500	-
-	2,134	2,134	-	100	100	-	2,463	2,463
4,718	4,718	-	1,355	1,355	-	7,532	7,532	-
\$ 4,718	\$ 6,852	\$ 2,134	\$ 1,355	\$ 1,455	\$ 100	\$ 7,532	\$ 9,995	\$ 2,463

EATON COUNTY, MICHIGAN
Schedules of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual (Continued)
Nonmajor Special Revenue Funds
For the Year Ended September 30, 2004

	Community Prosecution			Property Forfeiture Prosecutor		
	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental:						
Federal/state	105,000	105,000	-	-	-	-
Local	-	-	-	-	-	-
Charges for services	72,471	186,899	114,428	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	177,471	291,899	114,428	-	-	-
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	177,471	190,039	(12,568)	500	-	500
Health and social services	-	-	-	-	-	-
Parks, recreation and culture	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	177,471	190,039	(12,568)	500	-	500
Revenue over (under) expenditures	-	101,860	101,860	(500)	-	500
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
Issuance from long-term debt	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	-	101,860	101,860	(500)	-	500
Fund balances, October 1	33,749	33,749	-	635	635	-
Fund balances (deficit), September 30	<u>\$ 33,749</u>	<u>\$ 135,609</u>	<u>\$ 101,860</u>	<u>\$ 135</u>	<u>\$ 635</u>	<u>\$ 500</u>

Bureau of Justice LLEBG			Drug Forfeiture Prosecutor			Michigan Justice Training		
Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
23,094	23,094	-	-	-	-	15,000	15,149	149
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	840	3,953	3,113	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
23,094	23,094	-	840	3,953	3,113	15,000	15,149	149
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
3,660	2,482	1,178	840	752	88	15,000	11,948	3,052
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
22,000	23,178	(1,178)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
25,660	25,660	-	840	752	88	15,000	11,948	3,052
(2,566)	(2,566)	-	-	3,201	3,201	-	3,201	3,201
2,566	2,566	-	-	-	-	-	-	-
-	-	-	(14,233)	(14,233)	-	-	-	-
-	-	-	-	-	-	-	-	-
2,566	2,566	-	(14,233)	(14,233)	-	-	-	-
-	-	-	(14,233)	(11,032)	3,201	-	3,201	3,201
-	-	-	22,286	22,286	-	11,514	11,514	-
\$ -	\$ -	\$ -	\$ 8,053	\$ 11,254	\$ 3,201	\$ 11,514	\$ 14,715	\$ 3,201

EATON COUNTY, MICHIGAN
Schedules of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual (Continued)
Nonmajor Special Revenue Funds
For the Year Ended September 30, 2004

	Dispatcher Training			OHSP Traffic Enforcement		
	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental:						
Federal/state	9,216	11,742	2,526	8,804	8,464	(340)
Local	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	9,216	11,742	2,526	8,804	8,464	(340)
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	9,216	4,708	4,508	8,804	8,464	340
Health and social services	-	-	-	-	-	-
Parks, recreation and culture	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	9,216	4,708	4,508	8,804	8,464	340
Revenue over (under) expenditures	-	7,034	7,034	-	-	-
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
Issuance from long-term debt	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	-	7,034	7,034	-	-	-
Fund balances, October 1	11,310	11,310	-	-	-	-
Fund balances (deficit), September 30	<u>\$ 11,310</u>	<u>\$ 18,344</u>	<u>\$ 7,034</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Family Independence Agency			Soldiers and Sailors			Veterans Trust		
Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
650,000	515,769	(134,231)	-	-	-	25,000	12,400	(12,600)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
650,000	515,769	(134,231)	-	-	-	25,000	12,400	(12,600)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
665,000	543,821	121,179	25,000	21,206	3,794	25,000	10,375	14,625
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
665,000	543,821	121,179	25,000	21,206	3,794	25,000	10,375	14,625
(15,000)	(28,052)	(13,052)	(25,000)	(21,206)	3,794	-	2,025	2,025
15,000	15,000	-	25,000	25,000	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
15,000	15,000	-	25,000	25,000	-	-	-	-
-	(13,052)	(13,052)	-	3,794	3,794	-	2,025	2,025
6,642	6,642	-	11,463	11,463	-	(2,623)	(2,623)	-
\$ 6,642	\$ (6,410)	\$ (13,052)	\$ 11,463	\$ 15,257	\$ 3,794	\$ (2,623)	\$ (598)	\$ 2,025

EATON COUNTY, MICHIGAN
Schedules of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual (Concluded)
Nonmajor Special Revenue Funds
For the Year Ended September 30, 2004

	Historical Commission			Computer		
	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental:						
Federal/state	-	-	-	-	-	-
Local	-	-	-	-	-	-
Charges for services	-	-	-	35,000	87,920	52,920
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	-	-
Miscellaneous	-	45	45	-	-	-
Total revenues	-	45	45	35,000	87,920	52,920
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health and social services	-	-	-	-	-	-
Parks, recreation and culture	10,934	10,998	(64)	-	-	-
Miscellaneous	-	-	-	9,500	7,833	1,667
Capital outlay	-	-	-	849,453	438,893	410,560
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	10,934	10,998	(64)	858,953	446,726	412,227
Revenue over (under) expenditures	(10,934)	(10,953)	(19)	(823,953)	(358,806)	465,147
Other financing sources (uses)						
Transfers in	11,000	11,000	-	557,342	544,688	(12,654)
Transfers (out)	-	-	-	(37,975)	(37,975)	-
Issuance from long-term debt	-	-	-	-	-	-
Total other financing sources (uses)	11,000	11,000	-	519,367	506,713	(12,654)
Net change in fund balances	66	47	(19)	(304,586)	147,907	452,493
Fund balances, October 1	-	-	-	307,123	307,123	-
Fund balances (deficit), September 30	\$ 66	\$ 47	\$ (19)	\$ 2,537	\$ 455,030	\$ 452,493

EATON COUNTY, MICHIGAN
Combining Statement of Net Assets
Nonmajor Enterprise Funds
September 30, 2004

	1998	2000	2001
	Delinquent	Delinquent	Delinquent
	<u>Tax Revolving</u>	<u>Tax Revolving</u>	<u>Tax Revolving</u>
Assets			
Current assets:			
Cash and cash equivalents	\$ -	\$ -	\$ 618,877
Receivables			
Taxes	-	-	55,960
Other	-	-	113
Inventories	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total current assets	<u>-</u>	<u>-</u>	<u>674,950</u>
Liabilities			
Current liabilities:			
Accounts payable	-	-	(253)
Accrued liabilities	-	-	-
Due to other funds	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>-</u>	<u>-</u>	<u>(253)</u>
Net assets			
Unrestricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 675,203</u>

2002			
Delinquent	Jail		
Tax Revolving	Commissary	Total	
\$ 291,757	\$ 13,740	\$ 924,374	
276,869	-	332,829	
611	-	724	
-	10,182	10,182	
<u>569,237</u>	<u>23,922</u>	<u>1,268,109</u>	
4,617	5,197	9,561	
-	442	442	
-	57	57	
<u>4,617</u>	<u>5,696</u>	<u>10,060</u>	
<u>\$ 564,620</u>	<u>\$ 18,226</u>	<u>\$ 1,258,049</u>	

EATON COUNTY, MICHIGAN
Combining Statement of Revenues, Expenses, and Changes
in Net Assets
Nonmajor Enterprise Funds
For the Year Ended September 30, 2004

	1998	2000	2001
	<u>Delinquent</u>	<u>Delinquent</u>	<u>Delinquent</u>
	<u>Tax Revolving</u>	<u>Tax Revolving</u>	<u>Tax Revolving</u>
Operating revenues			
Interest on taxes	\$ 2,138	\$ 6,386	\$ 114,840
Sales	-	-	-
Administrative fees and penalties	140	785	14,487
Miscellaneous	773	(86)	2,181
	<u>3,051</u>	<u>7,085</u>	<u>131,508</u>
Operating expenses			
Personal services and fringe benefits	308	261	2,042
Operating supplies	-	-	1
Contractual services	-	-	-
Tax tribunal refunds	1	1	423
	<u>309</u>	<u>262</u>	<u>2,466</u>
Total operating expenses	<u>309</u>	<u>262</u>	<u>2,466</u>
Operating income (loss)	<u>2,742</u>	<u>6,823</u>	<u>129,042</u>
Nonoperating revenues (expenses)			
Interest revenue	2,549	2,406	5,007
Interest expense	-	-	-
	<u>2,549</u>	<u>2,406</u>	<u>5,007</u>
Total nonoperating revenues (expenses)	<u>2,549</u>	<u>2,406</u>	<u>5,007</u>
Income (loss) before transfers	5,291	9,229	134,049
Transfers out	<u>(734,120)</u>	<u>(706,207)</u>	<u>-</u>
Change in net assets	(728,829)	(696,978)	134,049
Net assets, October 1	<u>728,829</u>	<u>696,978</u>	<u>541,154</u>
Net assets, September 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 675,203</u></u>

2002			
Delinquent	Jail		
Tax Revolving	Commissary	Total	
\$ 302,239	\$ -	\$ 425,603	
-	86,604	86,604	
87,277	-	102,689	
19,775	60	22,703	
<u>409,291</u>	<u>86,664</u>	<u>637,599</u>	
3,096	15,564	21,271	
8,233	67,243	75,477	
-	20,278	20,278	
3,151	-	3,576	
<u>14,480</u>	<u>103,085</u>	<u>120,602</u>	
<u>394,811</u>	<u>(16,421)</u>	<u>516,997</u>	
3,757	-	13,719	
(1,379)	-	(1,379)	
<u>2,378</u>	<u>-</u>	<u>12,340</u>	
397,189	(16,421)	529,337	
-	-	(1,440,327)	
397,189	(16,421)	(910,990)	
167,431	34,647	2,169,039	
<u>\$ 564,620</u>	<u>\$ 18,226</u>	<u>\$ 1,258,049</u>	

EATON COUNTY, MICHIGAN
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended September 30, 2004

	1998	2000	2001
	Delinquent	Delinquent	Delinquent
	<u>Tax Revolving</u>	<u>Tax Revolving</u>	<u>Tax Revolving</u>
Cash flows from operating activities			
Cash received from customers	\$ 8,590	\$ 27,895	\$ 496,927
Cash paid to/for employees	(308)	(261)	(2,042)
Cash paid to suppliers	<u>(778)</u>	<u>(1,628)</u>	<u>(2,775)</u>
Net cash provided (used) by operating activities	<u>7,504</u>	<u>26,006</u>	<u>492,110</u>
Cash flows from noncapital financing activities			
Transfers to other funds	(734,120)	(706,207)	-
Advances to other funds	-	-	(500,000)
Tax notes issued	-	-	-
Tax notes redeemed	-	-	-
Interest paid on tax notes / advances	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by noncapital financing activities	<u>(734,120)</u>	<u>(706,207)</u>	<u>(500,000)</u>
Cash flows from investing activities			
Interest received	<u>2,549</u>	<u>2,406</u>	<u>5,007</u>
Net increase (decrease) in cash	(724,067)	(677,795)	(2,883)
Cash and cash equivalents, October 1	<u>724,067</u>	<u>677,795</u>	<u>621,760</u>
Cash and cash equivalents, September 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 618,877</u></u>

2002		
Delinquent	Jail	
Tax Revolving	Commissary	Total
\$ 2,591,848	\$ 86,664	\$ 3,211,924
(3,096)	(15,428)	(21,135)
(3,616)	(83,256)	(92,053)
2,585,136	(12,020)	3,098,736
-	-	(1,440,327)
(2,000,000)	-	(2,500,000)
1,500,000	-	1,500,000
(2,000,000)	-	(2,000,000)
(1,379)	-	(1,379)
(2,501,379)	-	(4,441,706)
3,757	-	13,719
87,514	(12,020)	(1,329,251)
204,243	25,760	2,253,625
\$ 291,757	\$ 13,740	\$ 924,374

continued...

EATON COUNTY, MICHIGAN
Nonmajor Enterprise Funds
Combining Statement of Cash Flows (Concluded)
For the Year Ended September 30, 2004

	1998	2000	2001
	Delinquent	Delinquent	Delinquent
	<u>Tax Revolving</u>	<u>Tax Revolving</u>	<u>Tax Revolving</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 2,742	\$ 6,823	\$ 129,042
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Change in:			
Taxes receivable	5,540	19,974	364,603
Other receivables	-	837	1,239
Inventories	-	-	-
Accounts payable	(778)	(1,628)	(2,774)
Accrued liabilities	-	-	-
Due to other funds	-	-	-
Net cash provided (used) by operating activities	<u>\$ 7,504</u>	<u>\$ 26,006</u>	<u>\$ 492,110</u>

2002			
Delinquent	Jail		
<u>Tax Revolving</u>	<u>Commissary</u>	<u>Total</u>	
\$ 394,811	\$ (16,421)	\$ 516,997	
2,186,086	-	2,576,203	
(378)	-	1,698	
-	1,941	1,941	
4,617	2,324	1,761	
-	116	116	
-	20	20	
<u>\$ 2,585,136</u>	<u>\$ (12,020)</u>	<u>\$ 3,098,736</u>	

EATON COUNTY, MICHIGAN
Combining Statement of Net Assets
Internal Service Funds
September 30, 2004

	<u>Retirees Health Insurance</u>	<u>Workers' Compensation</u>	<u>Liability Insurance</u>
Assets			
Current assets:			
Cash and cash equivalents	\$ 21,353	\$ 602,872	\$ 75,989
Investments	3,633,125	-	-
Due from other funds	30,176	5,530	-
Prepays	<u>-</u>	<u>14,381</u>	<u>-</u>
Total current assets	<u>3,684,654</u>	<u>622,783</u>	<u>75,989</u>
Liabilities			
Current liabilities:			
Accounts payable	-	1,096	-
Accrued liabilities	<u>-</u>	<u>253,738</u>	<u>147,277</u>
Total current liabilities	<u>-</u>	<u>254,834</u>	<u>147,277</u>
Net assets			
Unrestricted (deficit)	<u><u>\$ 3,684,654</u></u>	<u><u>\$ 367,949</u></u>	<u><u>\$ (71,288)</u></u>

<u>Unemployment</u>	<u>Life and Disability</u>	<u>Retirement Stabilization</u>	<u>Dental Insurance</u>	<u>Total</u>
\$ 144,852	\$ 78,576	\$ 166,691	\$ (2,739)	\$ 1,087,594
-	-	-	-	3,633,125
323	2,155	54,120	-	92,304
-	-	-	-	14,381
<u>145,175</u>	<u>80,731</u>	<u>220,811</u>	<u>(2,739)</u>	<u>4,827,404</u>
-	3,751	220,811	14,576	240,234
-	-	-	-	401,015
<u>-</u>	<u>3,751</u>	<u>220,811</u>	<u>14,576</u>	<u>641,249</u>
<u>\$ 145,175</u>	<u>\$ 76,980</u>	<u>\$ -</u>	<u>\$ (17,315)</u>	<u>\$ 4,186,155</u>

EATON COUNTY, MICHIGAN
Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended September 30, 2004

	<u>Retirees Health Insurance</u>	<u>Workers' Compensation</u>	<u>Liability Insurance</u>
Operating revenues			
Charges for services	\$ 884,598	\$ 274,646	\$ 696,867
Other revenues	<u>-</u>	<u>315</u>	<u>-</u>
Total operating revenues	<u>884,598</u>	<u>274,961</u>	<u>696,867</u>
Operating expenses			
Personal services and fringe benefits	228	-	-
Contractual services	9,500	17,000	10,944
Insurance and claims	<u>498,281</u>	<u>169,090</u>	<u>435,634</u>
Total operating expenses	<u>508,009</u>	<u>186,090</u>	<u>446,578</u>
Operating income (loss)	<u>376,589</u>	<u>88,871</u>	<u>250,289</u>
Nonoperating revenues (expenses)			
Unrealized gain on investment	124,814	-	-
Interest revenue	<u>722</u>	<u>2,118</u>	<u>5,325</u>
Total nonoperating revenues	<u>125,536</u>	<u>2,118</u>	<u>5,325</u>
Change in net assets	502,125	90,989	255,614
Net assets (deficit), October 1, as restated	<u>3,182,529</u>	<u>276,960</u>	<u>(326,902)</u>
Net assets (deficit), September 30	<u><u>\$ 3,684,654</u></u>	<u><u>\$ 367,949</u></u>	<u><u>\$ (71,288)</u></u>

<u>Unemployment</u>	<u>Life and Disability</u>	<u>Retirement Stabilization</u>	<u>Dental Insurance</u>	<u>Total</u>
\$ 20,865	\$ 111,621	\$ 1,474,185	\$ 128,964	\$ 3,591,746
-	-	-	-	315
20,865	111,621	1,474,185	128,964	3,592,061
1	1	1,474,185	-	1,474,415
-	1,085	-	146,279	184,808
17,630	87,984	-	-	1,208,619
17,631	89,070	1,474,185	146,279	2,867,842
3,234	22,551	-	(17,315)	724,219
-	-	-	-	124,814
-	-	-	-	8,165
-	-	-	-	132,979
3,234	22,551	-	(17,315)	857,198
141,941	54,429	-	-	3,328,957
<u>\$ 145,175</u>	<u>\$ 76,980</u>	<u>\$ -</u>	<u>\$ (17,315)</u>	<u>\$ 4,186,155</u>

EATON COUNTY, MICHIGAN
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended September 30, 2004

	<u>Retirees Health Insurance</u>	<u>Workers' Compensation</u>	<u>Liability Insurance</u>
Cash flows from operating activities			
Cash received from interfund services	\$ 874,789	\$ 275,711	\$ 696,867
Cash paid to/for employees/retirees	(498,509)	(126,888)	-
Cash paid to suppliers	(9,500)	(29,552)	(712,374)
	<u>366,780</u>	<u>119,271</u>	<u>(15,507)</u>
Cash flows from investing activities			
Purchase / maturity of investments	(700,000)	-	-
Interest received	722	2,118	5,325
	<u>(699,278)</u>	<u>2,118</u>	<u>5,325</u>
Net cash provided (used) by investing activities	<u>(699,278)</u>	<u>2,118</u>	<u>5,325</u>
Net increase (decrease) in cash and cash equivalents	(332,498)	121,389	(10,182)
Cash and cash equivalents, October 1	<u>353,851</u>	<u>481,483</u>	<u>86,171</u>
Cash and cash equivalents, September 30	<u><u>\$ 21,353</u></u>	<u><u>\$ 602,872</u></u>	<u><u>\$ 75,989</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 376,589	\$ 88,871	\$ 250,289
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Change in assets and liabilities:			
Due from other funds	(9,809)	750	-
Prepays	-	(2,322)	-
Accounts payable	-	(10,230)	-
Accrued liabilities	-	42,202	(265,796)
	<u>-</u>	<u>42,202</u>	<u>(265,796)</u>
Net cash provided (used) by operating activities	<u><u>\$ 366,780</u></u>	<u><u>\$ 119,271</u></u>	<u><u>\$ (15,507)</u></u>

<u>Unemployment</u>	<u>Life and Disability</u>	<u>Retirement Stabilization</u>	<u>Dental Insurance</u>	<u>Total</u>
\$ 21,071	\$ 112,253	\$ 1,453,571	\$ 128,964	\$ 3,563,226
(17,631)	(87,985)	(1,474,185)	-	(2,205,198)
-	1,476	119,229	(131,703)	(762,424)
3,440	25,744	98,615	(2,739)	595,604
-	-	-	-	(700,000)
-	-	-	-	8,165
-	-	-	-	(691,835)
3,440	25,744	98,615	(2,739)	(96,231)
141,412	52,832	68,076	-	1,183,825
<u>\$ 144,852</u>	<u>\$ 78,576</u>	<u>\$ 166,691</u>	<u>\$ (2,739)</u>	<u>\$ 1,087,594</u>
\$ 3,234	\$ 22,551	\$ -	\$ (17,315)	\$ 724,219
206	632	(20,614)	-	(28,835)
-	-	-	-	(2,322)
-	2,561	119,229	14,576	126,136
-	-	-	-	(223,594)
<u>\$ 3,440</u>	<u>\$ 25,744</u>	<u>\$ 98,615</u>	<u>\$ (2,739)</u>	<u>\$ 595,604</u>

EATON COUNTY, MICHIGAN
Combining Statement of Assets and Liabilities
Agency Funds
September 30, 2004

	Trust and Agency	Library	District Court Bond
Assets			
Cash and cash equivalents	\$ 9,993,746	\$ 104,701	\$ 120,369
Investments	20,460	-	-
Total assets	<u>\$ 10,014,206</u>	<u>\$ 104,701</u>	<u>\$ 120,369</u>
Liabilities			
Accounts payable	\$ 9,258,711	\$ -	\$ -
Due to individuals/agencies	549,586	-	120,369
Due to other governmental units	205,909	104,701	-
Total liabilities	<u>\$ 10,014,206</u>	<u>\$ 104,701</u>	<u>\$ 120,369</u>

Friend of the Court	Inmate Trust Account	Property Forfeiture Trust	Total
\$ -	\$ 4,214	\$ 966	\$ 10,223,996
-	-	-	20,460
<u>\$ -</u>	<u>\$ 4,214</u>	<u>\$ 966</u>	<u>\$ 10,244,456</u>
\$ -	\$ -	\$ -	\$ 9,258,711
-	4,214	966	675,135
-	-	-	310,610
<u>\$ -</u>	<u>\$ 4,214</u>	<u>\$ 966</u>	<u>\$ 10,244,456</u>

EATON COUNTY, MICHIGAN
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended September 30, 2004

	<u>Balance October 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30</u>
<u>Trust and Agency Fund</u>				
Assets				
Cash and cash equivalents	\$ 3,586,834	\$ 56,417,493	\$ 50,010,581	\$ 9,993,746
Investments	25,539	47,076	52,155	20,460
Due from other funds	259,293	265,620	524,913	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 3,871,666</u>	<u>\$ 56,730,189</u>	<u>\$ 50,587,649</u>	<u>\$ 10,014,206</u>
Liabilities				
Accounts payable	\$ 237,412	\$ 3,957,579	\$ (5,063,720)	\$ 9,258,711
Due to individuals/agencies	582,382	23,538,814	23,571,610	549,586
Due to other governmental units:				
Federal/State	3,047,825	29,010,727	31,852,643	205,909
Local	3,496	222,518	226,014	-
Due to other funds	551	551	1,102	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>\$ 3,871,666</u>	<u>\$ 56,730,189</u>	<u>\$ 50,587,649</u>	<u>\$ 10,014,206</u>
<u>Library Fund</u>				
Assets				
Cash and cash equivalents	<u>\$ 121,352</u>	<u>\$ 979,158</u>	<u>\$ 995,809</u>	<u>\$ 104,701</u>
Liabilities				
Due to other governmental units	<u>\$ 121,352</u>	<u>\$ 979,158</u>	<u>\$ 995,809</u>	<u>\$ 104,701</u>

continued...

EATON COUNTY, MICHIGAN
Combining Statement of Changes in Assets and Liabilities (Continued)
Agency Funds
For the Year Ended September 30, 2004

	<u>Balance October 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30</u>
<u>District Court Bond Fund</u>				
Assets				
Cash and cash equivalents	\$ 134,198	\$ 39,024	\$ 52,853	\$ 120,369
Liabilities				
Due to individuals/agencies	\$ 134,198	\$ 39,024	\$ 52,853	\$ 120,369
<u>Friend of the Court Trust</u>				
Assets				
Cash and cash equivalents	\$ 137,017	\$ -	\$ 137,017	\$ -
Liabilities				
Due to individuals/agencies	\$ 137,017	\$ -	\$ 137,017	\$ -
<u>Inmate Trust Fund</u>				
Assets				
Cash and cash equivalents	\$ 5,682	\$ -	\$ 1,468	\$ 4,214
Liabilities				
Due to individuals/agencies	\$ 5,682	\$ -	\$ 1,468	\$ 4,214
<u>Property Forfeiture Trust</u>				
Assets				
Cash and cash equivalents	\$ 966	\$ 4,107	\$ 4,107	\$ 966
Liabilities				
Due to individuals/agencies	\$ 966	\$ 4,107	\$ 4,107	\$ 966

continued...

EATON COUNTY, MICHIGAN
Combining Statement of Changes in Assets and Liabilities (Concluded)
Agency Funds
For the Year Ended September 30, 2004

	<u>Balance October 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30</u>
<u>Total - All Agency Funds</u>				
Assets				
Cash and cash equivalents	\$ 3,986,049	\$ 57,439,782	\$ 51,201,835	\$ 10,223,996
Investments	25,539	47,076	52,155	20,460
Due from other funds	259,293	265,620	524,913	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 4,270,881</u>	<u>\$ 57,752,478</u>	<u>\$ 51,778,903</u>	<u>\$ 10,244,456</u>
Liabilities				
Accounts payable	\$ 237,412	\$ 3,957,579	\$ (5,063,720)	\$ 9,258,711
Due to individuals/agencies	860,245	23,581,945	23,767,055	675,135
Due to other governmental units:				
Federal/State	3,047,825	29,010,727	31,852,643	205,909
Local	124,848	1,201,676	1,221,823	104,701
Due to other funds	551	551	1,102	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>\$ 4,270,881</u>	<u>\$ 57,752,478</u>	<u>\$ 51,778,903</u>	<u>\$ 10,244,456</u>

EATON COUNTY, MICHIGAN
Statement of Net Assets and
Governmental Funds Balance Sheet
Board of Public Works Component Unit
September 30, 2004

	Debt Service Funds						
	Eaton Rapids Water System	Grand Ledge Water System	Dimondale/ Windsor Sewer System	Charlotte Water / Sewer Systems	Total	GASB 34 Adjustments	Statement of Net Assets
Assets							
Prepays	\$ -	\$ 47,366	\$ -	\$ -	\$ 47,366	\$ -	\$ 47,366
Leases receivable	-	-	-	-	-	7,570,637	7,570,637
Total assets	<u>\$ -</u>	<u>\$ 47,366</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,366</u>	<u>7,570,637</u>	<u>7,618,003</u>
Liabilities							
Interest payable	\$ -	\$ -	\$ -	\$ -	\$ -	130,637	130,637
Deferred revenue	-	47,366	-	-	47,366	-	47,366
Long-term debt:							
Due within one year	-	-	-	-	-	765,000	765,000
Due in more than one year	-	-	-	-	-	6,675,000	6,675,000
Total liabilities	-	47,366	-	-	47,366	7,570,637	7,618,003
Fund balances / net assets							
Fund balance- unreserved, undesignated	-	-	-	-	-	-	-
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 47,366</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,366</u>		
Net assets - unrestricted						<u>\$ -</u>	<u>\$ -</u>

EATON COUNTY, MICHIGAN
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets of
Governmental Activities on the Statement of Net Assets
Board of Public Works Component Unit
September 30, 2004

Total fund balances for governmental funds	\$	-
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Leases receivable are not current financial resources and therefore

Long-term bonded debt is not due and payable in the current period and therefore not reported in the funds. Unamortized premiums, loss on refundings, and interest payable are not reported in the funds. However, these amounts are included in the Statement of Net Assets. This is the

Bonds and notes payable	(7,440,000)		
Interest payable	(130,637)		(7,570,637)

Net assets of governmental activities	\$	-
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EATON COUNTY, MICHIGAN
Statement of Activities and
Governmental Fund Revenues, Expenditures
and Changes in Fund Balance
Board of Public Works Component Unit
For the Year Ended September 30, 2004

	Debt Service Funds						
	Eaton Rapids Water System	Grand Ledge Water System	Dimondale/ Windsor Sewer System	Charlotte Water / Sewer Systems	Total	GASB 34 Adjustments	Statement of Activities
Revenues							
Intergovernmental - local	\$ 133,794	\$ 149,733	\$ 568,050	\$ 224,895	\$ 1,076,472	\$ (699,676)	\$ 376,796
Expenditures / expenses							
Debt service:							
Principal	80,000	55,000	400,000	155,000	690,000	(690,000)	-
Interest and fiscal charges	53,794	94,733	168,050	69,895	386,472	(9,676)	376,796
Total expenditures/expenses	133,794	149,733	568,050	224,895	1,076,472	(699,676)	376,796
Net changes in fund balances	-	-	-	-	-	-	-
Change in net assets	-	-	-	-	-	-	-
Fund balances / net assets, October 1	-	-	-	-	-	-	-
Fund balances / net assets, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EATON COUNTY, MICHIGAN
Reconciliation of the Statement of Revenues, Expenditures
and Change in Fund Balances of Governmental Funds
to the Statement of Activities
Board of Public Works Component Unit
For the Year Ended September 30, 2004

Net change in fund balance - total governmental funds

\$ -

Amounts reported for governmental activities in the Statement of Activities
are different because:

Amounts received from local governments for the payment of bond
principal is recorded in the funds as revenue and bond principal payments
are recorded as expenditures. Both are eliminated for the Statement of Activities

Lease payments collected attributable to bond principal and accrued interest	699,676	
Bond principal payments	(690,000)	

	9,676	9,676
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Certain expenses reported in the Statement of Activities do not require
the use of current financial resources and therefore are not reported
as expenditures in the funds.

Decrease in accrual for interest payable on bonds and notes		(9,676)
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Changes in net assets of governmental activities

\$ -

EATON COUNTY, MICHIGAN
Statement of Net Assets and
Governmental Funds Balance Sheet
Drainage Districts Component Unit
September 30, 2004

	Debt	Capital Projects Funds		
	Service Fund			Lacey
	Regular	Regular	Drain	Lake
	Drain	Drain	Revolving	Level
Assets				
Cash and cash equivalents	\$ 3,392,467	\$ 9,187,946	\$ 32,614	\$ 351
Special assessments receivable	8,464,583	2,023	-	-
Interest receivable	100	38	-	-
Due from other funds	6,139	-	87,386	-
Capital assets not being depreciated	-	-	-	-
Capital assets being depreciated, net	-	-	-	-
Total assets	\$ 11,863,289	\$ 9,190,007	\$ 120,000	\$ 351
Liabilities				
Accounts payable	\$ -	\$ 524,738	\$ -	\$ -
Interest payable	-	-	-	-
Due to other funds	3,115	90,410	-	-
Deferred revenue	8,444,924	-	-	-
Advances from primary government	-	-	120,000	-
Short-term notes payable	-	220,000	-	-
Long-term debt:				
Due within one year	-	-	-	-
Due in more than one year	-	-	-	-
Total liabilities	8,448,039	835,148	120,000	-
Fund balances / net assets				
Fund balances - unreserved	3,415,250	8,354,859	-	351
Total liabilities and fund balances	\$ 11,863,289	\$ 9,190,007	\$ 120,000	\$ 351
Net assets:				
Invested in capital assets, net of related debt				
Restricted				
Unrestricted				
Total net assets				

Total	GASB 34 Adjustments	Statement of Net Assets
\$ 12,613,378	\$ -	\$ 12,613,378
8,466,606	-	8,466,606
138	-	138
93,525	-	93,525
-	5,711,780	5,711,780
-	31,076,920	31,076,920
<u>\$ 21,173,647</u>	<u>36,788,700</u>	<u>57,962,347</u>
\$ 524,738	-	524,738
-	421,966	421,966
93,525	-	93,525
8,444,924	-	8,444,924
120,000	-	120,000
220,000	-	220,000
-	2,321,817	2,321,817
-	27,039,167	27,039,167
9,403,187	29,782,950	39,186,137
<u>11,770,460</u>	<u>(11,770,460)</u>	<u>-</u>
<u>\$ 21,173,647</u>		
	7,427,716	7,427,716
	3,415,250	3,415,250
	<u>7,933,244</u>	<u>7,933,244</u>
	<u>\$ 18,776,210</u>	<u>\$ 18,776,210</u>

EATON COUNTY, MICHIGAN
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets of
Governmental Activities on the Statement of Net Assets
Drainage Districts Component Unit
September 30, 2004

Total fund balances for governmental funds	\$	11,770,460
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Infrastructure	\$	38,940,134	
Construction in progress		5,711,780	
Accumulated depreciation		(7,863,214)	36,788,700

Long-term bonded debt is not due and payable in the current period and therefore not reported in the funds. Unamortized premiums, loss on refundings, and interest payable are not reported in the funds. However, these amounts are included in the Statement of Net Assets. This is the net effect of these balances on the statement.

Bonds and notes payable	(29,360,984)		
Interest payable	(421,966)	(29,782,950)	

Net assets of governmental activities	\$	18,776,210
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EATON COUNTY, MICHIGAN
Statement of Activities and
Governmental Fund Revenues, Expenditures
and Changes in Fund Balance
Drainage Districts Component Unit
For the Year Ended September 30, 2004

	Debt Service Fund	Capital Projects Funds		
	Regular Drain	Regular Drain	Drain Revolving	Lacey Lake Level
Revenues				
Charges for services	\$ -	\$ 1,004,137	\$ -	\$ -
Special assessments	1,433,881	557,726	-	-
Interest revenue	37,350	63,679	-	-
Miscellaneous	-	314,791	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	1,471,231	1,940,333	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures / expenses				
Capital outlay - construction and maintenance	-	6,317,975	-	-
Debt service:				
Principal	13,075,416	-	-	-
Interest and fiscal charges	600,041	90,145	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures / expenses	13,675,457	6,408,120	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Revenues over (under) expenditures/expenses	(12,204,226)	(4,467,787)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Other financing sources (uses)				
Transfers in	12,455,287	-	-	-
Transfers out	-	(12,455,287)	-	-
Issuance of long-term debt	563,000	20,433,000	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources	13,018,287	7,977,713	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net changes in fund balances	814,061	3,509,926	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Change in net assets	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances / net assets, October 1, as restated	2,601,189	4,844,933	-	351
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances / net assets, September 30	<u>\$ 3,415,250</u>	<u>\$ 8,354,859</u>	<u>\$ -</u>	<u>\$ 351</u>

<u>Total</u>	<u>GASB 34 Adjustments</u>	<u>Statement of Net Assets</u>
\$ 1,004,137	\$ -	\$ 1,004,137
1,991,607	-	1,991,607
101,029	-	101,029
314,791	-	314,791
<u>3,411,564</u>	<u>-</u>	<u>3,411,564</u>
6,317,975	(4,030,203)	2,287,772
13,075,416	(13,075,416)	-
690,186	284,504	974,690
<u>20,083,577</u>	<u>(16,821,115)</u>	<u>3,262,462</u>
<u>(16,672,013)</u>	<u>16,821,115</u>	<u>149,102</u>
12,455,287	(12,455,287)	-
(12,455,287)	12,455,287	-
20,996,000	(20,996,000)	-
<u>20,996,000</u>	<u>(20,996,000)</u>	<u>-</u>
4,323,987	(4,323,987)	-
-	149,102	149,102
<u>7,446,473</u>	<u>11,180,635</u>	<u>18,627,108</u>
<u>\$ 11,770,460</u>	<u>\$ 7,005,750</u>	<u>\$ 18,776,210</u>

EATON COUNTY, MICHIGAN
Reconciliation of the Statement of Revenues, Expenditures
and Change in Fund Balances of Governmental Funds
to the Statement of Activities
Drainage Districts Component Unit
For the Year Ended September 30, 2004

Net change in fund balance - total governmental funds \$ 4,323,987

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay	\$ 4,918,106	
Depreciation expense	(887,903)	4,030,203

Bond proceeds provide current financial resources to the governmental funds by issuing debt which increases long-term bonded debt in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term bonded debt in the Statement of Net Assets. This is the amount proceeds exceed repayments.

Issuance of long-term debt	(20,996,000)	
Repayment of bond principal	13,075,416	(7,920,584)

Certain expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Increase in accrual for interest payable on bonds and notes		(284,504)

Changes in net assets of governmental activities \$ 149,102

EATON COUNTY, MICHIGAN
Statement of Net Assets and
Governmental Funds Balance Sheet
District Health Department Component Unit
September 30, 2004

	Special Revenue	GASB 34 Adjustments	Statement of Net Assets
Assets			
Cash and cash equivalents	\$ 999,378	\$ -	\$ 999,378
Accounts receivable, net	422,739	-	422,739
Prepays	70,048	-	70,048
Capital assets being depreciated, net	-	185,267	185,267
Total assets	<u>\$ 1,492,165</u>	<u>185,267</u>	<u>1,677,432</u>
Liabilities			
Accounts payable	\$ 224,366	-	224,366
Accrued liabilities	159,200	-	159,200
Deferred revenue	1,746	-	1,746
Long-term debt:			
Due within one year	-	38,146	38,146
Due in more than one year	-	343,318	343,318
Total liabilities	<u>385,312</u>	<u>381,464</u>	<u>766,776</u>
Fund balance / net assets			
Fund balance - unreserved:			
Designated for capital expenditures	22,700	(22,700)	-
Undesignated	1,084,153	(1,084,153)	-
Total fund balance	<u>1,106,853</u>	<u>(1,106,853)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 1,492,165</u>		
Net assets:			
Invested in capital assets, net of related debt		185,267	185,267
Unrestricted		725,389	725,389
Total net assets		<u>\$ 910,656</u>	<u>\$ 910,656</u>

EATON COUNTY, MICHIGAN
Statement of Activities and
Governmental Fund Revenues, Expenditures
and Changes in Fund Balance
District Health Department Component Unit
For the Year Ended September 30, 2004

	<u>Special Revenue</u>	<u>GASB 34 Adjustments</u>	<u>Statement of Activities</u>
Revenues			
Licenses and permits	\$ 165,786	\$ -	\$ 165,786
Intergovernmental:			
Federal/State	2,852,703	-	2,852,703
Local	1,242,603	-	1,242,603
Charges for services	1,981,902	-	1,981,902
Miscellaneous	89,095	-	89,095
	<hr/>	<hr/>	<hr/>
Total revenues	6,332,089	-	6,332,089
Expenditures / expenses			
Health and social services	6,093,164	12,080	6,105,244
	<hr/>	<hr/>	<hr/>
Net changes in fund balance	238,925	(238,925)	-
Change in net assets	-	226,845	226,845
Fund balance / net assets, October 1, as restated	867,928	(184,117)	683,811
	<hr/>	<hr/>	<hr/>
Fund balance / net assets, September 30	<u>\$ 1,106,853</u>	<u>\$ (196,197)</u>	<u>\$ 910,656</u>

EATON COUNTY, MICHIGAN
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets of
Governmental Activities on the Statement of Net Assets
District Health Department Component Unit
September 30, 2004

Total fund balances for governmental funds	\$	1,106,853
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Amounts reported for governmental activities in the Statement of Net Assets
are different because:

Capital assets used in governmental activities are not financial resources
and therefore are not reported in the funds.

Equipment	893,480	
Accumulated depreciation	<u>(708,213)</u>	185,267

Accrued vacation and sick time earned by eligible employees is not payable
in the current period and therefore is not reported in the funds. However,
these amounts are included in the Statement of Net Assets.

(381,464)

Net assets of governmental activities	\$	<u><u>910,656</u></u>
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EATON COUNTY, MICHIGAN
Reconciliation of the Statement of Revenues, Expenditures
and Change in Fund Balances of Governmental Funds
to the Statement of Activities
District Health Department Component Unit
For the Year Ended September 30, 2004

Net change in fund balance - total governmental funds	\$	238,925
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Equipment	50,378	
Depreciation expense	(30,502)	19,876

Certain expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Increase in accrual for accrued compensated absences		(31,956)

Changes in net assets of governmental activities	\$	<u><u>226,845</u></u>
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STATISTICAL SECTION

Table 1

**EATON COUNTY, MICHIGAN
GENERAL GOVERNMENT EXPENDITURES BY FUNCTION (a)
LAST TEN FISCAL YEARS - UNAUDITED
SEPTEMBER 30, 2004**

Fiscal Year	General Government	Legislative	Judicial	Public Safety	Public Works	Health and Social Services	Recreation and Cultural	Capital Outlay	Debt Service	Other	Total Expenditures
1995 (b)	3,999,396	153,689	3,152,142	9,075,413	9,215,071	8,558,851	299,318	7,307,823	3,865,436	183,225	45,810,364
1996 (c)	3,106,056	116,210	2,556,328	7,154,577	6,534,222	6,761,738	248,335	14,357,024	3,713,152	309,374	44,857,016
1997 (a)	4,454,949	174,862	3,446,607	10,235,544	9,400,773	8,732,958	370,089	7,375,455	6,284,317	535,703	51,011,257
1998 (a)	4,682,772	169,024	3,734,229	10,871,950	8,051,107	8,588,251	355,759	3,707,261	5,396,568	804,195	46,361,116
1999 (a)	5,001,245	173,914	3,824,907	11,515,645	7,404,082	8,742,797	353,214	5,896,148	5,727,423	1,122,481	49,761,856
2000 (a)	5,327,506	192,100	3,965,934	12,526,649	12,168,602	8,910,598	389,303	5,845,376	5,414,111	1,242,547	55,982,726
2001 (a)	5,697,281	203,856	4,135,400	12,972,999	12,974,132	9,307,236	354,744	4,638,480	5,588,744	1,265,753	57,138,625
2002 (a)	6,074,107	216,807	4,302,486	13,755,854	16,254,537	10,322,236	352,710	5,242,671	6,746,567	1,268,318	64,536,293
2003 (a)	6,915,960	235,553	4,695,584	14,859,216	18,794,881	10,679,369	453,181	12,400,976	7,598,981	33,391	76,667,092
2004 (a)	6,803,444	240,107	5,023,966	15,749,340	14,596,594	12,101,527	447,563	17,477,267	18,174,616	28,162	90,642,586

(a) - Includes General, Special Revenue, Debt Service Funds, and Capital Projects of the Primary Government and its Component Units.

(b) - Years ending December 31.

(c) - Nine months ended September 30.

Source: Eaton County Controllers Office

Table 2

**EATON COUNTY, MICHIGAN
GENERAL GOVERNMENT REVENUES BY SOURCE (a)
LAST TEN FISCAL YEARS - UNAUDITED
SEPTEMBER 30, 2004**

Fiscal Year	Taxes	Licenses and Permits	Intergovern- mental	Charges for services	Fines and Forfeitures	Special Assessments	Interest and Rent	Other	Total
1995 (b)	12,090,650	603,391	18,540,925	5,670,381	180,436	1,149,254	1,548,308	508,567	40,291,912
1996 (c)	12,655,710	672,854	13,848,930	4,221,368	114,102	1,079,244	1,214,679	355,080	34,161,967
1997 (a)	12,975,964	981,168	20,133,175	6,006,772	162,638	1,136,120	1,224,331	689,772	43,309,940
1998 (a)	13,706,524	1,100,195	20,546,024	6,607,096	207,213	1,363,286	1,251,251	463,115	45,244,704
1999 (a)	14,538,995	1,231,484	21,746,925	6,475,121	244,100	2,563,853	1,374,492	679,826	48,854,796
2000 (a)	15,331,617	1,090,255	24,036,013	5,873,662	268,129	2,093,295	1,728,819	752,522	51,174,312
2001 (a)	16,038,616	1,052,592	25,263,632	6,117,020	327,167	2,063,038	1,577,050	819,997	53,259,112
2002 (a)	17,290,310	1,001,150	30,215,410	6,194,722	156,380	1,919,237	978,022	696,805	58,452,036
2003 (a)	18,448,996	1,159,813	37,804,626	5,722,019	177,108	1,880,263	744,315	801,975	66,739,115
2004 (a)	19,494,199	1,334,076	26,619,616	7,218,161	193,877	1,991,607	670,067	761,630	58,283,233

(a) - Includes General, Special Revenue, Debt Service Funds, and Capital Projects of the Primary Government and its Component Units

(b) - Years ending December 31.

(c) - Nine months ended September 30.

N/A - Revenue was combined with Other Revenue

Source: Eaton County Controllers Office

Table 3

**EATON COUNTY, MICHIGAN
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS - UNAUDITED
SEPTEMBER 30, 2004**

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>
1995 (a)	8,711,721	8,197,469	94.10
1996 (b)	9,111,961	8,599,013	94.37
1997	9,503,379	8,990,742	94.61
1998	10,092,545	9,508,616	94.21
1999	10,723,633	10,108,914	94.27
2000	11,319,479	10,631,909	93.93
2001	11,840,898	11,071,430	93.50
2002	12,792,687	12,037,674	94.10
2003	13,596,061	12,836,334	94.41
2004	14,300,953	13,549,815	94.75

(a) - Years ending December 31.

(b) - Nine months ended September 30.

Note: Delinquent information not available.

Source: Eaton County Treasurer's Office

Table 4

**EATON COUNTY, MICHIGAN
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS - UNAUDITED
 SEPTEMBER 30, 2004**

State Equalization Value (c)						
Fiscal Year	Real Property		Personal Property		Total	
	Assessed Value	Estimated Actual Value (c)	Assessed Value	Estimated Actual Value (c)	Assessed Value	Estimated Actual Value (c)
1995 (a)	1,475,685,630	2,951,371,260	141,984,920	283,969,840	1,617,670,550	3,235,341,100
1996 (b)	1,566,120,925	3,132,241,850	158,928,770	317,857,540	1,725,049,695	3,450,099,390
1997	1,658,458,916	3,316,917,832	162,722,670	325,445,340	1,821,181,586	3,642,363,172
1998	1,789,596,925	3,579,193,850	177,634,489	355,268,978	1,967,231,414	3,934,462,828
1999	1,948,556,761	3,897,113,522	186,909,901	373,819,802	2,135,466,662	4,270,933,324
2000	2,155,454,078	4,310,908,156	199,913,830	399,827,660	2,355,367,908	4,710,735,816
2001	2,348,242,970	4,696,485,940	182,476,686	364,953,372	2,530,719,656	5,061,439,312
2002	2,578,296,529	5,156,593,058	213,097,280	426,194,560	2,791,393,809	5,582,787,618
2003	2,848,847,293	5,697,694,586	215,364,180	430,728,360	3,064,211,473	6,128,422,946
2004	3,148,706,480	6,297,412,960	214,872,660	429,745,320	3,363,579,140	6,727,158,280

(a) - Years ending December 31.

(b) - Nine months ended September 30.

(c) - In accordance with Act 409, Public Acts of Michigan, 1965, and Article IX, Section 3, of the Michigan Constitution, the State Equalization Valuation represents fifty percent of true cash value.

Source: Eaton County Equalization Department

Table 5

EATON COUNTY, MICHIGAN
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(Per \$1,000 of Valuation)
LAST TEN YEARS - UNAUDITED
SEPTEMBER 30, 2004

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
County										
Operating	5.4087	5.4087	5.4087	5.4087	5.4087	5.3433	5.2994	5.2797	5.2591	5.2486
Jail	.9834	.9834	.9834	.9834	.9834	.9714	.9634	.9598	.9560	.9541
E-911	.9000	.9500	.9500	.9500	.9500	.9384	.9307	.9272	.9235	.9500
EATRAN	.1500	.1500	.2200	.2200	.2200	.2469	.2000	.2500	.2490	.2485
Juvenile	.0000	.0000	.0000	.0000	.0000	.0000	.0000	.0000	.0000	.4000
Total	7.4421	7.4921	7.5621	7.5621	7.5621	7.5000	7.3935	7.4167	7.3876	7.8012
Townships										
Bellevue	.9266	.9266	1.9266	1.4223	1.4050	1.3840	1.3559	1.3379	1.8586	1.8355
Benton	1.4573	1.4573	1.4573	1.4531	1.4457	1.4301	.9415	.9338	.9338	.9287
Brookfield	.9452	.9452	.9442	.9440	.9411	.9251	.9181	.9053	.9053	.9053
Carmel	.9520	.9438	.9304	1.8195	1.8099	1.8003	.9036	.8961	.8843	.8676
Chester	.9805	.9805	.9792	.9789	.9727	.9605	.9480	.9315	.9194	.9041
Delta	5.9766	5.9766	5.9766	5.9766	5.9709	5.9255	6.7155	6.6883	6.5683	6.5383
Eaton	.9334	.9334	.9334	1.8259	1.8162	1.7992	.8949	.8873	.8773	.8475
Eaton Rapids	.9431	.9427	.9377	.9294	.9136	.9020	.8934	.8828	.8739	.8594
Hamlin	.9730	.9665	.9576	.9571	.9515	.9399	.9271	.9128	.9014	1.8904
Kalamo	.9744	.9660	.9468	.9468	.9288	.9146	.9057	.8886	.8718	.8542
Oneida	.9652	.9652	.9614	.9614	.9497	.9497	.9467	.9425	.9293	.9148
Roxand	.9414	.9414	.9294	1.8588	1.8229	1.8290	.9041	.8978	.8810	.8759
Sunfield	.9694	.9694	.9694	2.2666	2.2507	2.2427	.9496	.9469	.9335	.9306
Vermontville	.9218	.9218	2.4114	2.4075	2.3896	2.3702	2.3494	2.6204	2.6029	2.5472
Walton	.9651	.9651	.9613	.9566	.9390	.9308	.9308	.9172	.9084	.8940
Windsor	2.4000	2.4000	2.4000	2.4000	2.4000	2.4000	2.4000	2.4000	2.4000	2.4000
Cities										
Charlotte	15.8590	15.7590	14.7870	15.4270	14.5252	14.5270	13.6423	13.6462	13.6481	13.4170
Eaton Rapids	18.0660	18.0660	9.8658	9.8412	9.7881	9.7430	9.7029	9.6950	9.6271	9.6542
Grand Ledge	13.4353	14.6778	13.4353	12.9445	13.2659	13.1794	13.0304	11.7413	11.5686	11.4482
Lansing	18.6196	18.6136	19.6794	19.6625	19.4969	19.7718	19.2859	18.2407	18.6154	18.5317
Olivet	14.2677	14.4786	14.3787	14.3787	14.3370	13.8782	14.8154	14.6864	14.6614	14.6129
Pottersville	15.5000	15.3134	14.3093	14.1524	13.8781	13.7389	13.0634	12.8530	12.6794	12.4701
Villages										
Bellevue	11.6644	11.4929	11.2159	11.2159	14.2557	14.0775	16.9578	16.6881	16.5833	16.4123
Mulliken	6.4626	6.2907	6.0032	5.8975	5.7542	5.6166	5.3189	5.1226	5.1226	4.9059
Sunfield	10.4166	10.3229	10.2620	10.2620	10.2620	10.2620	10.2620	10.2620	12.2620	10.5000
Vermontville	15.0000	15.0000	15.0000	15.0000	15.0000	15.0000	15.0000	15.0000	15.0000	14.7318
Dimondale	7.5000	7.2878	7.2878	7.2878	7.2878	7.2878	7.2878	7.2878	10.0000	10.0000
Local Schools										
Bellevue	32.2300	32.2300	37.2300	36.2152	35.2300	34.2300	37.0428	35.8690	24.1880	34.2070
Charlotte	26.4000	26.2000	26.5000	26.5000	31.0000	31.0000	31.0000	31.5504	30.5900	31.5900
Eaton Rapids	31.0000	31.0000	31.0000	31.0000	31.0000	30.8056	30.8056	30.8056	29.8056	31.0000
Grand Ledge	30.8600	30.9000	31.0000	31.0000	30.4000	30.1084	30.1000	30.5800	28.0737	29.0705
Holt	31.0000	31.0000	31.0000	31.0000	30.9298	33.7791	33.6724	33.6724	32.4674	33.3171
Lakewood	27.0000	33.2786	30.0286	30.0934	29.7666	29.3389	29.5000	28.8627	28.0000	29.0000
Lansing	25.7154	25.9005	24.8839	24.9413	25.5190	25.0423	25.0681	25.0118	24.0617	26.6468
Roxand - Loucks #12	24.0000	24.0000	24.0000	30.1666	24.0000	24.0000	24.0000	28.9604	28.0000	29.0000
Maple Valley	27.0000	27.0000	30.0000	29.1000	29.1000	28.6742	28.4992	29.0000	28.0000	29.0000
Olivet	31.6500	31.6500	31.6500	31.6500	31.6500	31.6356	31.6356	32.9942	31.8901	33.0500
Portland	31.3500	31.3500	31.3500	31.3500	31.1316	28.9783	30.5029	31.0652	30.0544	31.3500
Pottersville	32.7700	32.7700	38.1350	35.9815	33.9731	32.2168	32.2168	32.2168	30.8701	32.3500
Springport	27.2500	26.4000	32.9500	32.9500	32.9500	32.5936	32.4736	32.9500	31.9500	32.9500
Oneida - Strange #3	30.1666	30.1666	30.1666	24.0000	30.1666	30.1660	30.1666	30.1666	29.1474	30.1474
Waverly	32.9927	32.6400	32.3000	24.0000	31.8700	34.4800	36.1000	35.4400	34.2200	34.8400
Intermediate School Districts										
Calhoun	6.1022	6.1022	6.3828	6.1022	6.0764	6.0764	6.0694	6.0516	6.2057	6.2057
Eaton	4.1005	4.1005	4.0930	4.0881	4.0638	4.0311	3.9858	3.9704	3.9457	3.9215
Ingham	6.1977	6.1977	6.1977	6.1913	6.1618	6.1933	4.7861	4.7625	6.0548	6.0291
Ionia	2.9869	2.9869	2.9869	2.9786	2.9581	2.9213	2.8885	2.8613	4.5747	4.5369
Jackson	7.9275	7.9275	8.8854	8.8445	8.7194	8.5624	8.4928	7.4217	8.2207	8.1739

Source: Eaton County Equalization Office and County Apportionment Report

Table 6

**EATON COUNTY, MICHIGAN
SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
LAST TEN FISCAL YEARS - UNAUDITED
SEPTEMBER 30, 2004**

Fiscal Year	Special Assessment Billings (a)	Special Assessments Collected (b)
1995	1,022,344	1,345,234
1996	996,843	1,149,254
1997	961,707	1,079,244
1998	1,176,492	1,136,120
1999	1,206,267	1,363,286
2000	1,590,314	2,563,853
2001	1,666,815	2,397,489
2002	1,657,720	1,931,256
2003	1,516,056	1,636,338
2004	1,548,533	1,991,607

(a) - Amounts are on a calendar year basis.

(b) - Includes prepayments.

Source: Eaton County Drain Commissioner

Table 7

**EATON COUNTY, MICHIGAN
COMPUTATION OF LEGAL DEBT MARGIN - UNAUDITED
AS OF SEPTEMBER 30, 2004**

2003 State Equalized Valuation (December 1, 2003 tax levy)	\$ 3,363,579,140
10% Debt limit*	336,357,914
Amount of Direct Debt Outstanding	67,956,402
Less: Amounts available in Debt Service Funds	<u>6,674</u>
Additional Debt Which Could be Legally Incurred	<u><u>\$ 268,408,186</u></u>

* Michigan Counties are subject to a Constitutional debt limitation of 10% of that years State Equalized Valuation.

Note: A breakdown of the Amount of Direct Debt Outstanding can be found in the Supplementary Section.

Table 8

**EATON COUNTY, MICHIGAN
COMPUTATION OF DIRECT
AND OVERLAPPING DEBT - UNAUDITED
AS OF SEPTEMBER 30, 2004**

<u>Jurisdiction</u>	<u>Net General Obligation Bonded Debt Outstanding</u>
Direct	
Eaton County	\$ 67,956,402
Less: Self-Supporting Bonds	10,448,219
Michigan Transportation Fund Bonds	<u>7,265,000</u>
Net Direct Debt	\$ 50,243,183
Overlapping Debt	
Cities	18,001,258
Townships	21,930,877
Villages	450,000
School Districts	219,298,910
Intermediate School Districts	1,859,189
Community College	<u>10,534,365</u>
Net Overlapping Debt	<u>272,074,599</u>
Total Direct and Overlapping Debt	<u><u>\$ 322,317,782</u></u>

Note: A breakdown of the Amount of Direct Debt Outstanding can be found in the General Long-Term Debt Section.

Source: County General Obligation Tax notes Official Statement

Table 9

**EATON COUNTY, MICHIGAN
 RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL
 BONDED DEBT TO TOTAL GENERAL EXPENDITURES
 LAST TEN FISCAL YEARS - UNAUDITED
 SEPTEMBER 30, 2004**

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenditures (c)	Ratio of Debt Service to General Expenditures
1995 (a)	695,000	854,334	1,549,334	22,500,303	0.069
1996 (b)	805,000	527,893	1,332,893	18,711,464	0.071
1997	1,920,000	764,952	2,684,952	27,040,641	0.099
1998	955,000	657,326	1,612,326	27,344,178	0.059
1999	1,035,000	612,672	1,647,672	29,329,759	0.056
2000	450,000	384,601	834,601	31,325,324	0.027
2001	275,000	487,676	762,676	31,821,783	0.024
2002	400,000	471,509	871,509	33,822,750	0.026
2003	1,685,000	745,011	2,430,011	37,830,966	0.064
2004	1,950,000	672,586	2,622,586	45,593,040	0.058

(a) - Years ending December 31.

(b) - Nine months ended September 30.

(c) General, Special Revenue and Debt Service Funds

Source: County General Obligation Tax notes Official Statement

Other Sources: Eaton County Treasurer's Office

Table 10

**EATON COUNTY, MICHIGAN
RATIO OF NET GENERAL BONDED DEBT
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS - UNAUDITED
SEPTEMBER 30, 2004**

Fiscal Year	Population (c)	Assessed Value	Gross Bonded Debt	Debt Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1995 (a)	98,570	1,617,670,550	13,405,000	334,634	13,070,366	0.81%	132.60
1996 (b)	99,716	1,684,981,176	12,700,000	1,116,346	11,583,654	0.69%	116.17
1997	100,369	1,759,716,269	10,865,000	37,369	10,827,631	0.62%	107.88
1998	101,022	1,867,816,263	9,925,000	9,160	9,915,840	0.53%	98.16
1999	101,612	1,984,609,654	10,820,000	9,345	10,615,655	0.53%	104.47
2000	101,090	2,104,926,375	10,365,000	13,995	10,351,005	0.49%	102.39
2001	103,655	2,530,719,656	10,095,000	7,938	10,087,062	0.40%	97.31
2002	104,837	2,791,393,809	17,795,000	21,234	17,773,766	0.64%	169.54
2003	104,837	3,064,211,473	16,610,000	7,023	16,602,977	0.54%	158.37
2004	107,596	3,363,579,140	14,160,000	6,674	14,153,326	0.42%	131.54

(a) - Years ending December 31.

(b) - Nine months ended September 30.

(c) Source: County General Obligation Tax notes

Other Sources: Eaton County Treasurer's Office

Table 11

**EATON COUNTY, MICHIGAN
PROPERTY AND CONSTRUCTION VALUES
LAST TEN YEARS - UNAUDITED
SEPTEMBER 30, 2004**

<u>Year</u>	<u>Residential Construction Value</u>	<u>Agricultural</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Residential</u>	<u>Developmental</u>
1995	42,334,603	127,059,550	274,780,600	88,052,200	1,074,096,675	2,131,900
1996	54,488,468	129,804,450	285,212,528	92,009,369	1,149,227,669	2,204,900
1997	48,289,921	138,501,000	299,969,693	95,252,105	1,253,067,733	2,806,394
1998	47,281,476	157,371,670	324,910,509	99,010,205	1,361,176,293	6,088,084
1999	56,824,680	198,916,800	366,270,317	103,434,442	1,483,687,335	3,145,184
2000	74,361,062	Not Available	Not Available	Not Available	Not Available	Not Available
2001	76,783,294	Not Available	Not Available	Not Available	Not Available	Not Available
2002	78,605,937	Not Available	Not Available	Not Available	Not Available	Not Available
2003	109,113,476	Not Available	Not Available	Not Available	Not Available	Not Available
2004	16,362,544 (a)	Not Available	Not Available	Not Available	Not Available	Not Available

(a) - Through April 2004.

Sources: County General Obligation Tax notes and Eaton County Treasurer's Office

Table 12

**EATON COUNTY, MICHIGAN
PRINCIPAL TAXPAYERS - UNAUDITED**

AS OF SEPTEMBER 30, 2004

Taxpayer	Type of business	Taxable Value (1)	Percentage of Total Taxable Value
Meijers (Goodwill)	Retail	\$ 54,799,205	1.63%
General Motors	Automotive	53,330,353	1.59
Auto Owners	Insurance	42,938,425	1.28
Consumers Energy	Utility	35,218,162	1.05
Magnesium Product	Automotive	25,865,800	0.77
Lansing Delaware Partnership	Lansing Mall	17,490,905	0.52
RJ Tower Corporation	Automotive	10,737,890	0.32
Dayton Hudson	Retail	10,157,860	0.30
Lowe's Home Centers, Inc.	Retail	9,961,169	0.30
Wal-Mart Stores	Retail	9,836,608	0.29
		<u>\$ 270,336,377</u>	<u>8.04%</u>

(1) Including Equivalent industrial facilities tax valuations

Source: Eaton County Equalization Department

Table 13

**EATON COUNTY, MICHIGAN
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS - UNAUDITED
AS OF SEPTEMBER 30, 2004**

<u>Year</u>	<u>Population (a)</u>	<u>Per Capita Personal Income (b)</u>	<u>Unemployment Rate (c)</u>	
1995	98,570	22,858	3.30	
1996	99,716	23,167	3.30	
1997	100,369	24,164	2.60	
1998	101,022	24,821	3.00	
1999	101,612	25,907	2.10	
2000	103,655	26,984	2.40	
2001	104,837 Est.	27,179	3.20	
2002	104,837 Est.	27,748	3.40	
2003	104,837 Est.	Not Available	4.10	(d)
2004	107,596 Est.	Not Available	4.4	(d)

(a) Source: U.S. Census Bureau

(b) Source: Bureau of Economic Analysis

(c) Source: Michigan Department of Career Development, Employment Service Agency

(d) Source: County General Obligation Tax notes, as of April 2004

**EATON COUNTY,
MICHIGAN**

SINGLE AUDIT

For the Year Ended September 30, 2004



REHMANN ROBSON

Certified Public Accountants

EATON COUNTY, MICHIGAN SINGLE AUDIT

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EATON COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2004

Federal/Pass-through Grantor Program Title	CFDA Number	Pass-through Grantor Number	Federal Expenditures
U.S. Department of Agriculture			
Passed-through Michigan Department of Education:			
School Breakfast Program	10.553	23-000-8001	\$ 6,844
National School Lunch Program	10.555	23-000-8001	10,508
Special Snack Program	10.555	23-000-8001	1,680
Passed-through Michigan Department of Community Health -			
Women, Infants and Children	10.557	n/a	<u>278,124</u>
Total U.S. Department of Agriculture			<u>297,156</u>
U.S. Department of Housing and Urban Development			
Passed-through the Michigan State Housing Development Authority:			
Community Development Block Grant	14.228	MSC-2003-0778-HOA	257,645
Homeowner Purchase Rehabilitaiton	14.239	M-2001-0778	<u>84,288</u>
Total U.S. Dept. of Housing and Urban Development			<u>341,933</u>
U.S. Department of Justice			
Direct Programs:			
Local Law Enforcement Block Grant	16.592	2003-LB-BX-2792	23,094
State Criminal Alien Assistance Program	16.606	2004-AP-BX-0449	11,764
Passed-through Michigan State Police, Emergency Management Division - State Homeland Security Grants:			
2003 Program	16.007	n/a	64,501
2004 Program	16.007	n/a	7,226
Part II SAP	16.007	n/a	12,110
Exercise Grant	16.007	n/a	4,429
2003 Assessment & Strategy	16.007	n/a	1,023
Passed through Michigan Family Independence Agency:			
Juvenile Accountability Block Grant:			
4/1/2003-3/31/2004	16.540	JAIBG-04-23001	5,960
4/1/2004-3/31/2005	16.540	JAIBG-04-23001	8,455
S.T.O.P. Grant	16.588	STOP-03-23001-3	58,352

continued...

EATON COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards (continued)
For the Year Ended September 30, 2004

Federal/Pass-through Grantor Program Title	CFDA Number	Pass-through Grantor Number	Federal Expenditures
U.S. Department of Justice (concluded)			
Passed through Michigan State Office of Drug Control Policy - Byrne Formula Grants - Vertical Drug	16.579	ODCP 70901-3K02	\$ 45,358
Passed-through Michigan Department of Community Health:			
OUIL III Drug Court Program	16.579	72067-2-03-B	34,447
Community Prosecution Grant	16.579	72043-2-03-B	<u>105,000</u>
Total U.S. Department of Justice			<u>381,719</u>
U.S. Environmental Protection Agency			
Passed-through Michigan Department of Environmental Quality:			
Radon Activities	66.032	n/a	2,300
Non-Community Water Supply	66.471	n/a	<u>10,000</u>
Total U.S. Environmental Protection Agency			<u>12,300</u>
Federal Emergency Management Administration			
Passed-through Michigan Department of State Police -			
FEMA Supplemental Grant	83.562	n/a	<u>5,446</u>
U.S. Department of Health and Human Services			
Passed-through Michigan Department of Community Health:			
Family Planning Project	93.217	n/a	61,211
Immunization Grants:			
Immunization & Vaccine Program	93.268	n/a	63,620
Vaccines for Children - Training	93.268	n/a	4,450
Vaccines	93.268	n/a	311,004
Bioterrorism - Supplemental:			
Focus A	93.283	n/a	49,684
Focus B	93.283	n/a	86,937
Focus E	93.283	n/a	44,582
Focus F	93.283	n/a	72,802
Focus G	93.283	n/a	70,912
Smallpox Training	93.283	n/a	2,000
West Nile Virus Vaccines	93.283	n/a	8,981

continued...

EATON COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards (concluded)
For the Year Ended September 30, 2004

Federal/Pass-through Grantor Program Title	CFDA Number	Pass-through Grantor Number	Federal Expenditures
U.S. Department of Health and Human Services (concluded)			
Medical Assistance Program:			
Case Management	93.778	n/a	\$ 19,511
Children's Special Care Coordination	93.778	n/a	930
Breast & Cervical Cancer Control Program	93.919	n/a	45,474
Maternal & Child Health Services Block Grant:			
Local MCH	93.994	n/a	70,252
Pregnancy Prevention	93.994	n/a	36,949
Case Management	93.994	n/a	12,475
Family Planning	93.994	n/a	20,656
Passed through Michigan Family Independence Agency:			
Strong Families/Safe Children	93.556	SFSC 03-08001-2	29,465
Strong Families/Safe Children	93.558	SFSC 04-23002	23,277
Strong Families/Safe Children	93.558	CTFPR 03-23001	5,505
Healthy Families - 0 to 3 Prevention	93.558	CTFPR-04-08001	122,250
Building Strong Families - ASAP-PIE	93.558	n/a	70,372
Supervised Visitation	93.558	SFSC-03-23007	780
ADC Maintenance Assistance	93.560	n/a	215,057
Child Support Enforcement:			
FOC	93.563	CS/FOC-04-23001-1	555,586
Prosecuting Attorney	93.563	CS/PA-04-23002	51,855
Passed-through Mid-South Substance Abuse Commission:			
Outpatient / Intensive Outpatient	93.959	n/a	190,677
Women's Services	93.959	n/a	25,391
Passed-through Michigan Supreme Court, State Court Administrative Office -			
Access and Visitation Grant	93.597	n/a	13,000
Total U.S. Department of Health and Human Services			2,285,645
U.S. Department of Homeland Security			
Passed-through Michigan State Police, Emergency Management Division:			
State Homeland Security Grant Program,			
Part II Training	97.004	n/a	6,456
Emergency Management Performance Grant	97.042	n/a	37,104
Total U.S. Department of Homeland Security			43,560
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 3,367,759

EATON COUNTY, MICHIGAN

Notes to Schedule of Expenditures of Federal Awards

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Eaton County, Michigan (the "County") and is presented on the accrual basis of accounting.

The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

* * * * *



REHMANN ROBSON

Certified Public Accountants

A member of **THE REHMANN GROUP**

 an independent member of
BAKER TILLY
INTERNATIONAL

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

January 28, 2005

To the Board of Commissioners
of Eaton County
Charlotte, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **EATON COUNTY, MICHIGAN**, as of and for the year ended September 30, 2004, and have issued our report thereon dated January 28, 2005. We did not audit the financial statements of the Eaton County Road Commission, which represents 55% of the assets and 52% of the revenues of the aggregate discretely presented component units of the County. Those financial statements were audited by other auditors whose report was furnished to us, and our opinions, insofar as they relate to the amounts included for the Eaton County Road Commission, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered **Eaton County, Michigan's** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our report and the report of other auditors noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether *Eaton County, Michigan's* financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests and the report of the other auditors disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style.



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

January 28, 2005

To the Board of Commissioners
of Eaton County
Charlotte, Michigan

Compliance

We have audited the compliance of ***Eaton County, Michigan*** with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2004. ***Eaton County, Michigan's*** major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of ***Eaton County, Michigan's*** management. Our responsibility is to express an opinion on ***Eaton County, Michigan's*** compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about ***Eaton County, Michigan's*** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on ***Eaton County, Michigan's*** compliance with those requirements.

In our opinion, ***Eaton County, Michigan*** complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended September 30, 2004.

Internal Control Over Compliance

The management of *Eaton County, Michigan* is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered *Eaton County, Michigan's* internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our report and the report of other auditors noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of *Eaton County, Michigan* as of and for the year ended September 30, 2004, and have issued our report thereon dated January 28, 2005. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise *Eaton County, Michigan's* basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

We did not audit the financial statements of the Eaton County Road Commission, which represents 55% of the assets and 52% of the revenues of the aggregate discretely presented component units of the County. Those financial statements were audited by other auditors whose report was furnished to us, and our opinion, insofar as it relates to the amounts included for the Eaton County Road Commission, is based solely on the reports of the other auditors.

This report is intended solely for the information and use of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Lehmann Johnson", is positioned in the lower right area of the page.

EATON COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended September 30, 2004

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

_____ yes X no

Reportable condition(s) identified
not considered to be material weaknesses?

_____ yes X none reported

Noncompliance material to financial statements
noted?

_____ yes X no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified?

_____ yes X no

Reportable condition(s) identified
not considered to be material weaknesses?

_____ yes X none reported

Type of auditors' report issued on compliance
for major programs:

Unqualified

Any audit findings disclosed that are required
to be reported in accordance with
Circular A-133, Section 510(a)?

_____ yes X no

EATON COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs (Concluded)

For the Year Ended September 30, 2004

SECTION I - SUMMARY OF AUDITORS' RESULTS (Concluded)

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.268	Immunization Grants
93.283	Bioterrorism - Supplemental
93.563	Child Support Enforcement

Dollar threshold used to distinguish
between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? X yes no

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION IV – PRIOR YEAR FEDERAL AWARD FINDINGS

No matters were reported.

* * * * *



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP



January 28, 2005

To the Board of Commissioners
Eaton County, Michigan
Charlotte, Michigan

We have audited the basic financial statements of **Eaton County** for the year ended September 30, 2004, and have issued our report thereon dated January 28, 2005. We did not audit the financial statements of the Eaton County Road Commission, a discretely presented component unit. Those financial statements were audited by other auditors whose report was furnished to us.

Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America and OMB Circular A-133

As stated in our engagement letter dated September 24, 2004, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

In planning and performing our audit, we considered Eaton County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether Eaton County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about Eaton County's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on Eaton County's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on Eaton County's compliance with those requirements.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we advised management about the appropriateness of accounting policies and their application. The significant accounting policies used by Eaton County are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by Eaton County during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the liability for uninsured risks of loss, including incurred but not reported claims, which are accounted for in certain of the County's internal service funds and for which the County utilizes the services of an independent third-party administrator to estimate the liability. We relied upon the work of the third-party expert in determining that the liability is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the collectability of accounts receivable from third party payers for healthcare services rendered by the medical care facility and district health department. We evaluated the key factors and assumptions used to develop the allowances for uncollectable accounts in determining that they are reasonable in relation to the basic financial statements taken as a whole.
- Management's estimate of the original cost and accumulated depreciation of infrastructure capital assets for the drainage districts is based on data derived from certain prior year historical cost data. We evaluated the key factors/assumptions used to develop the original cost and accumulated depreciation of the infrastructure capital assets in determining that they are reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future. We evaluated the key factors and assumptions used to develop the useful lives of those assets in determining that they are reasonable in relation to the financial statements taken as a whole.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the County's financial reporting process (that is, cause future financial statements to be materially misstated). The County recorded all of the adjustments we identified as significant, and their effects are included in the County's financial statements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing our audit.

This letter and the accompanying memorandum are intended for the use of the Board of Commissioners, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, reading "Lehmann Lobson". The signature is written in a cursive, flowing style with a large initial 'L'.

Eaton County, Michigan

Comments and Recommendations

For the Year Ended September 30, 2004

During our audit we became aware of certain issues regarding internal control and financial reporting. This memorandum summarizes our comments and suggestions regarding these matters. This memorandum does not affect our report dated January 28, 2005 on the financial statements of Eaton County.

Receivables – Medical Care Facility

During the audit, we noted that the patient billing receivables subsidiary ledger (\$607,583) did not agree to the sum of the general ledger control accounts (\$639,917) nor could the County provide a reconciliation to explain the difference. Also, we noted from our testing of the receivables subsidiary ledger certain accounts for which collection appeared to be potentially doubtful; these accounts amounted to \$31,285. Accordingly, a provision or reserve for doubtful accounts was recorded in the amount of \$63,619 to cover the aforementioned difference and specific accounts. Because the cumulative amount is material to the financial statements, the alternative to recording this provision would have been to qualify our opinion for the Medical Care Facility major fund and the business-type activities, which was not acceptable to County management.

We might also mention that, although well intended, the Medical Care Facility was in a bit of a hurry to get started with the audit, but was not reasonably prepared. Besides the unexplained difference between the receivable subsidiary and control accounts, there were various other asset and liability accounts that had not been properly analyzed, adjusted and supported. This resulted in wasted time for us and was very frustrating for both Facility personnel and ours in trying to get the issues properly sorted and resolved. Admittedly, an unexpected staff turnover on our part shortly after the end of fieldwork exacerbated the issues resolution process, but it should not have gotten to that point if the Facility fulfilled its accounting and audit preparation responsibilities.

General Journal Entry Review and Approval

While we did not note any exceptions in our testing of general journal entries, we did note that certain County personnel – i.e., the Assistant Controller and Treasurer – are authorized to enter journal entries to the accounting system without review and approval by an independent person. Because journal entries provide a means to conceal potential improprieties or to override controls, it is a good idea to require independent review and approval of all journal entries or to establish an internal procedure to provide for periodic review of all entries made since the last review.